



EASTERN CAPE
DEVELOPMENT
CORPORATION



2024/25 **ANNUAL REPORT**

CONTENTS

2024/25

ANNUAL

REPORT



EASTERN CAPE
DEVELOPMENT
CORPORATION

Registered Name

Physical Address

Postal Address

Telephone Number

Fax Number

Email Address

Website Address

External Auditors

Bankers

Company/
Board Secretary

Eastern Cape Development Corporation

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Auditor-General of South Africa

First National Bank

Zimkhitha Thomas

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Annual Report 2024/2025



| | |
|--|------------|
| PART A | 8 |
| GENERAL INFORMATION | |
| • Statement of Responsibility | 6 |
| • About the ECDC | 9 |
| • Chairperson's foreword | 14 |
| • Chief Executive Officer's report | 20 |
| • Chief Financial Officer's report | 24 |
| PART B | 32 |
| PERFORMANCE INFORMATION | |
| • Organisational Performance Scorecard | 36 |
| PART C | 80 |
| CORPORATE GOVERNANCE | |
| • Governance and overview of governance structures | 81 |
| • Enterprise-wide risk management | 84 |
| • Compliance with laws and regulations | |
| • Anti-fraud, corruption prevention and theft | 84 |
| • Minimising conflict of interest | |
| • Health and safety and environmental issues | |
| • Social responsibility | |
| • Audit, Risk and Compliance Committee Report | |
| • Director's report | 89 |
| PART D | 92 |
| HUMAN RESOURCES | |
| • Human Resources Management | 93 |
| • Staff Profile | 95 |
| • Employment equity | 95 |
| • Staff development and employee relations | 97 |
| PART E | 98 |
| PFMA COMPLIANCE REPORT | |
| • Irregular, fruitless and wasteful expenditure and material losses | 99 |
| • Fruitless and wasteful expenditure | 101 |
| • Additional disclosure relating to material losses in terms of PFMA Section 55(2)(B)(i) &; (iii) | 102 |
| • Late and or non-payment of suppliers | 102 |
| • Supply chain management | 103 |
| PART F | 106 |
| FINANCIAL INFORMATION | |
| • Report of the Auditor – General | 108 |
| • Annual financial statements | |



ACRONYMS

| | |
|---------|---|
| AFS | Annual Financial Statements |
| ARC | Audit and Risk Committee |
| ATR | Annual Training Report |
| CEO | Chief Executive Officer |
| DALRRD | Department of Agriculture, Land Reform and Rural Development |
| DEDEAT | Department of Economic Development, Environmental Affairs and Tourism |
| DSBD | Department of Small Business Development |
| DTIC | Department of Trade and Industry and Competition |
| EAP | Employee Assistance Programme |
| ECRDA | Eastern Cape Rural Development Agency |
| EWP | Employee Wellness Programme |
| EWRM | Enterprise-Wide Risk Management |
| FICA | Financial Intelligence Centre Act |
| HR | Human Resources |
| HRSEC | Human Resources, Social and Ethics Committee |
| ICT | Information Communication Technology |
| IFRS | International financial Reporting Standards |
| IIASA | Institute of Internal Auditors South Africa |
| KRI | Key Risk Indicator |
| merSETA | Manufacturing, Engineering and Related Services Sector Education and Training Authority |
| MSME | Medium, Small and Micro Enterprises |
| MTEF | Medium-Term Expenditure Framework |
| NDP | National Development Plan |
| NGP | National Growth Plan |
| NSDS | National Skills Development Strategy |
| PACTOA | Public Assets Community Based Tenants Association |
| PAIA | Promotion of Access to Information Act |
| PFMA | Public Finance Management Act |
| PGDS | Provincial Growth Development Strategy |
| POPIA | Protection of Personal Information Act |
| SAPS | South African Police Service |
| SCM | Supply Chain Management |
| SOC | State-Owned Company |
| WSP | Workplace Skills Plan |

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STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

To the best of our knowledge and belief, we confirm the following:
All information and amounts disclosed in the annual report is consistent with the annual financial statements audited by the Auditor General.

The annual report is complete, accurate and is free from any omissions. The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (Part F) have been prepared in accordance with the standards applicable to the public entity. The accounting authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The accounting authority is responsible for establishing, and implementing a system of internal control has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements. In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the entity for the financial year ended 31 March 2025.


Ayanda Wakaba
Chief Executive Officer


Vuyani Jarana
Chairperson of the Board



FloorWorx

Location: East London

Product: Flooring Products & Accessories

Market: Government, Private Sector & DIY Market

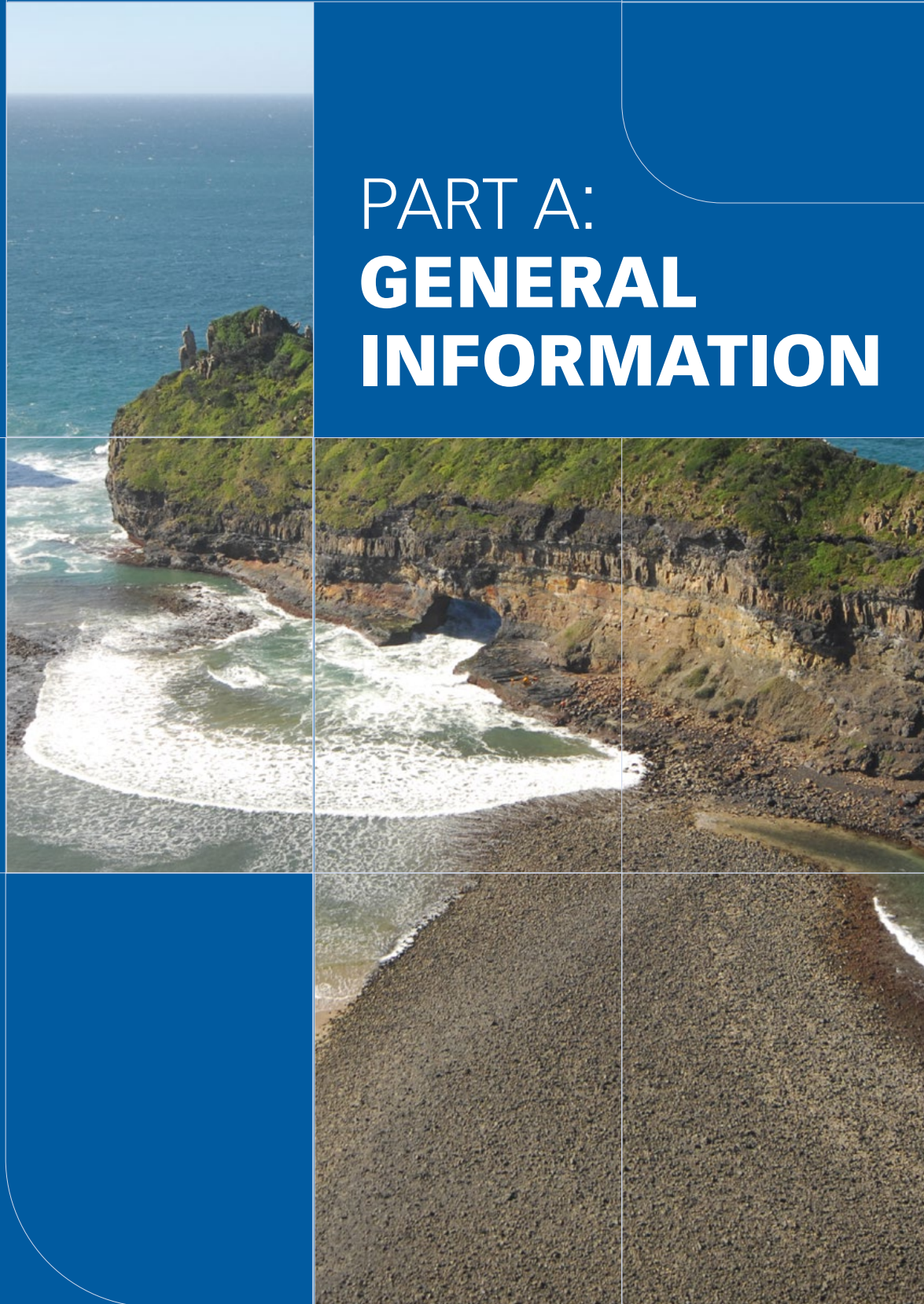
Employees: 103

Sector: Manufacturing

Type of Support: Jobs Stimulation & Protection Fund

Value of Support: R1 million

PART A: GENERAL INFORMATION



ABOUT THE ECDC

During the 2022/23 financial year, the Eastern Cape Development Corporation reviewed its strategy, producing a five-year strategic plan for 2023/2024 to 2027/2028. The revised five-year strategy replaces the 2019/20-2023/24 strategic plan. The review of the five-year strategic plan follows the approval of the ECDC Reimagined Strategy 2021, which was concluded during the 2021/22 financial year. The 2023/24 and 2024/25 corporate plans have been informed by the revised 2023/24 – 2027/28 five-year strategic plan.

The ECDC Reimagined Strategy is centred on refocusing and renewal by leveraging four broad areas: New development projects and financing instruments, new networks, new ways of working, and a new focus. The ECDC Reimagined Strategy 2021 informed the 2023/24 – 2027/28 five-year strategic plan, which introduced a revised mission and value statement, impact statement and six strategic pillars/themes.

VISION

A leader in facilitating inclusive, sustainable economic growth in the Eastern Cape.

MISSION

To accelerate sustainable and inclusive economic growth and job creation in the Eastern Cape by:

- Coordinating efforts to enhance economic competitiveness
- Unlocking opportunities for investment, and the expansion of the economy
- Creating an enabling environment for growth-targeted investment and trade
- Providing micro, small, and medium entrepreneurs and cooperatives with access to finance and business support that enables them to be competitive participants in the economy
- Serving as the preferred implementation agent for economic programmes and infrastructure projects.

OUTCOMES/STRATEGIC OBJECTIVES

A leader in facilitating inclusive, sustainable economic growth in the Eastern Cape.

1. A financially viable and sustainable organisation.
2. A well-managed, smart, and competitive property portfolio.
3. Increased investment in priority economic sectors, and diversification of exports and trade from traditional markets.
4. Increased growth and competitiveness of small enterprises in priority sector industries.
5. Enhanced planning and coordination of economic development programmes and projects.
6. A well governed, agile, and high performing organisation.

OUR VALUES

ECDC's values are rooted in excellence, sustainable growth, accountability, client focus, and collaboration. Guiding how the Corporation delivers impact, serves stakeholders, and builds a resilient Eastern Cape economy.



EXCELLENCE

We are results-driven, solution-oriented, and committed to superior performance. We strive to develop professionally by expanding our capabilities.



SUSTAINABLE GROWTH

We look beyond the present to deliver future value which is responsible and sustainable. We seek to innovate and continuously improve what we do.



ACCOUNTABILITY

We are uncompromising in our honesty and integrity, and we do what we say we will do. We are each responsible for our words, actions and results.



CLIENT FOCUS

We strive to provide speedy, responsive, and quality services, and place the client at the centre of what we do. We are committed to delivering value for money and return on investment.



COLLABORATION

We achieve more when we all work together for a common purpose. We work constructively with people from diverse backgrounds and demonstrate respect for and understanding of different points of view.

RELEVANT LEGISLATIVE AND POLICY MANDATES

The ECDC’s mandate is derived from legislation (static mandates) and policy frame-works (dynamic mandates).

LEGISLATIVE MANDATES

The legislative prescripts impacting the ECDC mandate as reflected in the 2024-2028 strategic plan are:

Constitutional mandate

The Constitution of the Republic of South Africa (Act 108 of 1996):

- **Section 22** – Every citizen has the right to choose their trade, occupation, or profession freely and the practice of trade, occupation, or profession may be regulated by law.
- **Section 217** – When an organ of state contracts for goods and services, it must do so in accordance with a fair, equitable, transparent, competitive, and cost-effective system.
- **Chapter 3** pertains to cooperative government and assigns functions to the three spheres of government. Schedules 4 and 5 of Section 41(1) define the relationship and principles underlying cooperation between the various spheres of government. Economic development is an area of concurrent responsibility.
- **In terms of Chapter 6, Section 125**, the entity is mandated through the powers and responsibilities delegated by the Premier to the respective member of the executive council. The responsibility resides within the finance, economic devel-opment, environmental affairs, and tourism portfolio in the Eastern Cape.

The ECDC establishment mandate

Eastern Cape Development Corporation Act, 1997 (Act 2 of 1997):

Section 3 describes the primary objective of the ECDC as **to plan, finance, coordinate, market, promote and implement the development of the province and all its people** in the fields of industry, commerce, agriculture, transport, and finance.

Section 4 ascribes powers to the ECDC to plan and undertake activities, purchase and establish corporations, lend money, issue stock or debentures, and invest reserve funds.

Section 5 prescribes the duties of the ECDC.

- Public Finance Management Act, 1999 (Act 1 of 1999 as amended): The entity is listed as a Schedule 3D Provincial Business Enterprise, accountable to the MEC and the legislature.

The core service delivery pillars which ensure effective delivery of the mandate are:

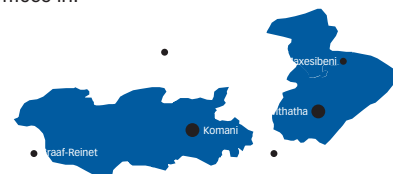
- a. Rural, enterprise finance and business support
- b. Investment management, trade and investment promotion
- c. Properties and infrastructure management services
- d. Economic development coordination and sector support.

These are supported by:

- a. The Office of the CEO (Strategy and regional operations, internal audit, legal, compliance and governance and stakeholder management)
- b. Finance and supply chain
- c. Corporate services (Human resources, information communications and technology, records and document management, communications, office and corporate image management).

The ECDC’s head office is in East London.

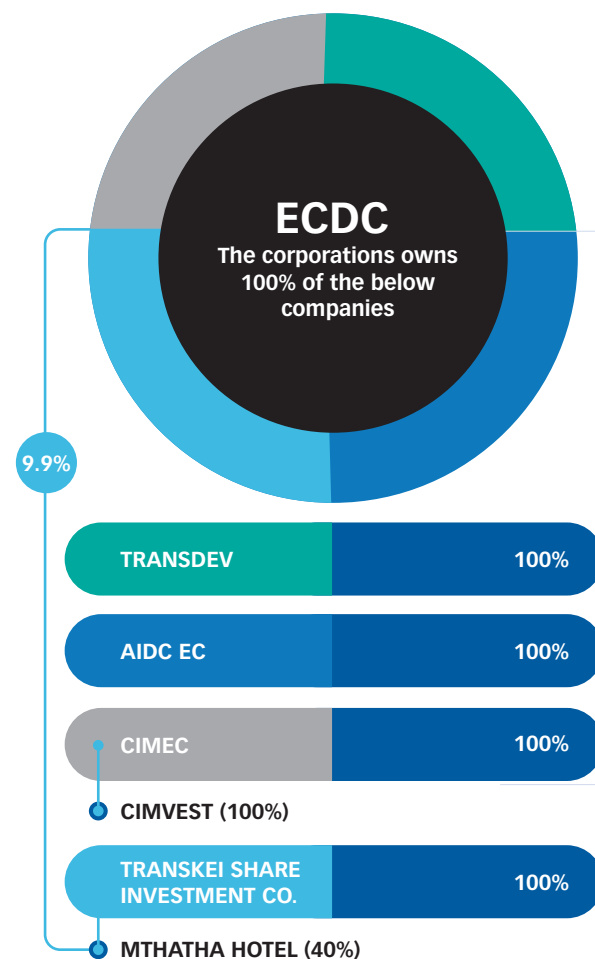
It implements its work through regional offices in:



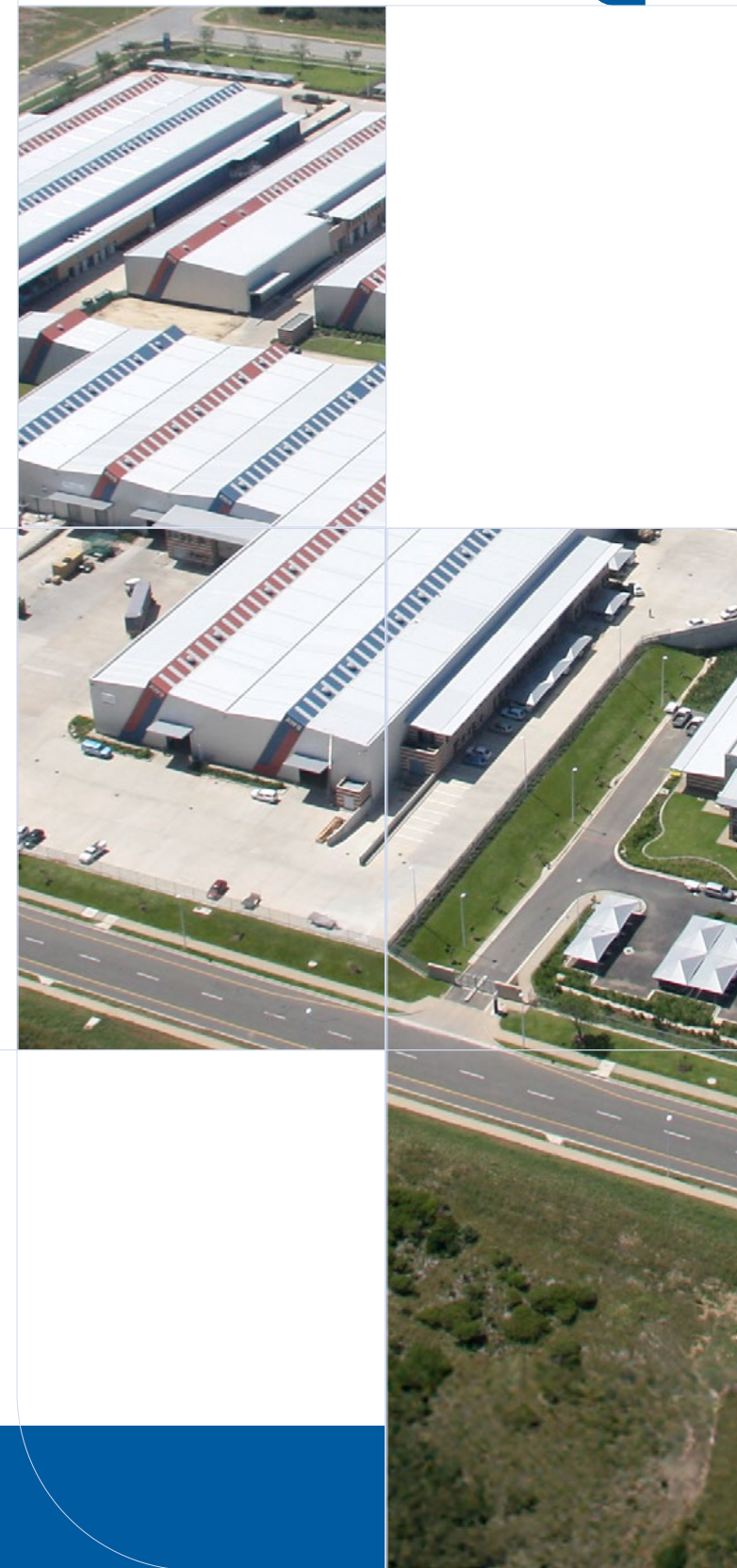
- a. **East London** (satellite offices in Gcuwa (Butterworth))
- b. **Mthatha** (satellite office in eMaxesibeni (Mount Ayliff))
- c. **Komani** (satellite office in Maletswai (Aliwal North))
- d. **Gqeberha** (satellite office in Graaff-Reinet).

ORGANISATIONAL GROUP STRUCTURE

The ECDC’s group structure includes several subsidiaries:



- Transdev Properties owns the Garden Court building in Mthatha.
- The operations of the Garden Court are managed by Mthatha Hotel (Pty) Ltd.
- CIMVEST owns the ECDC head office building.



ECDC BOARD MEMBERS



Vuyani Jarana
Chairperson of the Board

Committees:
Governance & Nominations -
Chairperson

Babalwa Mhlubulwana

Committees:
Human Resources, Remuneration,
Social & Ethics
Finance & Investment



Dr Makaziwe Makamba

Committees:
Human Resources, Remuneration, Social
& Ethics – Chairperson
Audit, Risk & Compliance
Governance & Nominations



Nande Mheshe

Committees:
Human Resources, Remuneration,
Social & Ethics
Finance & Investment



Nolitha Pietersen CA (SA)

Committees:
Audit, Risk & Compliance
Finance & Investment
Human Resources, Remuneration,
Social & Ethics



Dr Palesa Makhetha-Kosi

Committees:
Human Resources, Remuneration,
Social & Ethics
Finance & Investment



Siyabuka Siko CA (SA)

Committees:
Finance & Investment - Chairperson
Audit, Risk & Compliance
Governance & Nominations
Human Resources, Remuneration,
Social & Ethics



Tracy Cumming CA(SA)

Committees:
Finance & Investment
Audit, Risk & Compliance



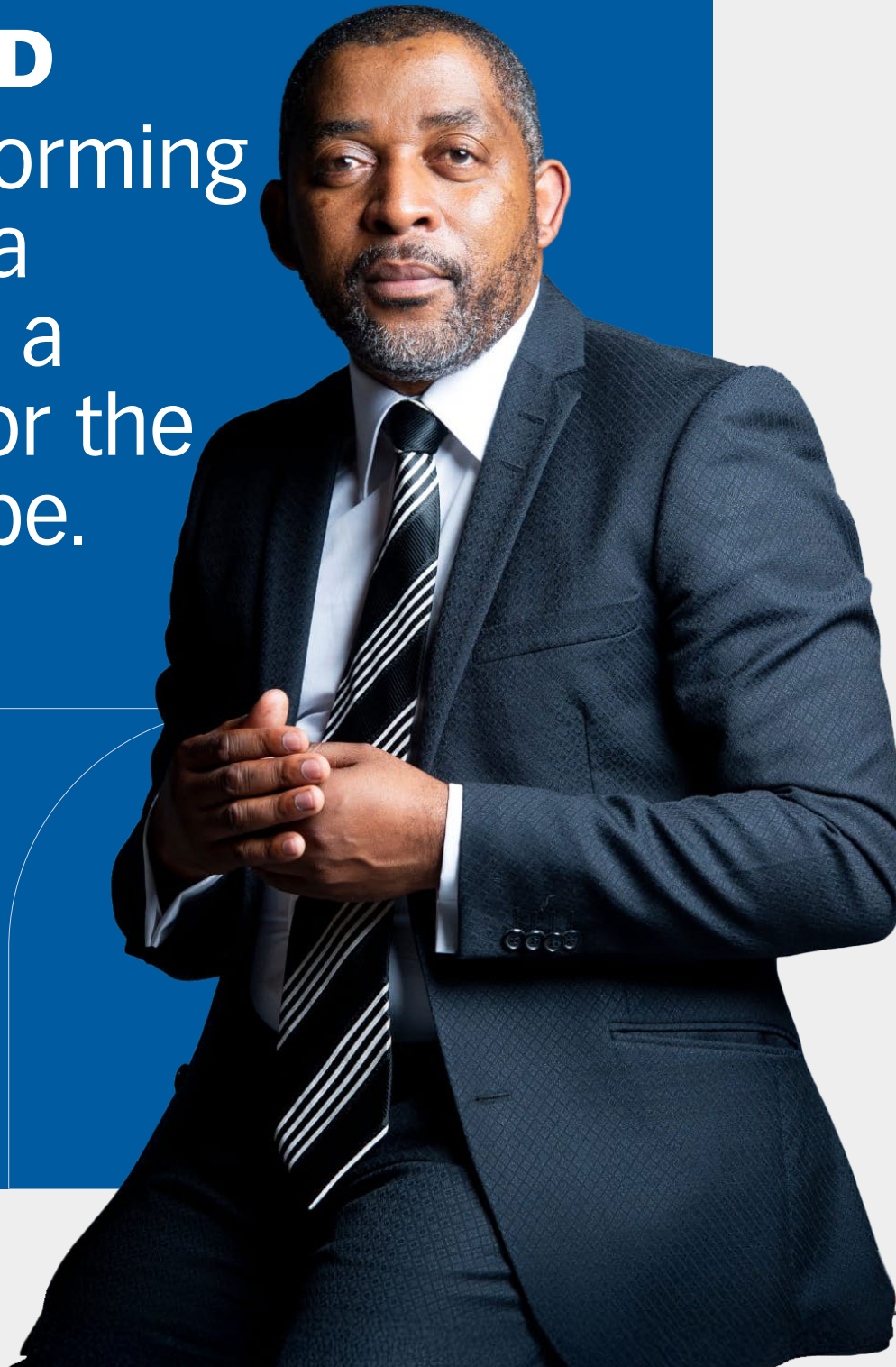
Xolile Titus

Committees:
Human Resources, Remuneration,
Social & Ethics
Finance & Investment

CHAIRPERSON'S FOREWORD

A high-performing ECDC isn't a luxury – it's a necessity for the Eastern Cape.

Vuyani Jarana



Foreword Highlights

Repositioning the ECDC:

Focus on building a high-performing development finance institution with improved human capital and systems.

R412 million

in infrastructure projects under management, with a goal to scale to R2 billion annually – reflecting government confidence.

Property portfolio modernisation:

Refurbishments and legal victories (e.g., court win against non-paying tenants) point to improved asset value recovery.

Youth-focused development:

Emphasis on promoting entrepreneurship as a response to rising youth unemployment.

Active partnerships:

Mobilising external resources and engaging the shareholder for recapitalisation of the loans and property business.

Support for SMMEs and cooperatives:

Increased disbursement of loans and incentives for business sustainability and job creation.

Tangible job creation:

Thousands of jobs created through trade, investment, and small business funding.

Clear focus on accountability:

Acknowledgement of challenges, coupled with transparent plans to reverse deficits and improve revenue.

On behalf of the Board, I am pleased to present the Eastern Cape Development Corporation's (ECDC) 2024/25 Annual Report. This report outlines the key milestones and achievements in pursuit of the ECDC's development mandate, guided by the ECDC Reimagined Strategy 2021, which envisions a capable and effective economic development institution.

The report also addresses the strategic and operational challenges that have affected the delivery of our mandate, along with the remedial actions required to build a robust and inclusive socio-economic framework.

It signals our commitment to becoming a high-performing development finance institution and development agency. We are strengthening our human capital and operational efficiencies to better respond to evolving economic realities. A high-performance organisational culture is being embedded—one that prioritises exceptional customer service and fosters public trust. We are implementing systems and appropriate technologies to improve our business efficacy, while also attracting and retaining top talent to advance the Eastern Cape's development priorities.

Central to our focus is sustainability, which is critical to delivering our mandate. This means improving and sustaining our revenue-generating capabilities to fund operations and finance high-impact, high-value development programmes. However, we are currently faced with significant cash flow constraints, driven by poor rental collections from our property portfolio. Additionally, liquidity challenges within our enterprise finance business and broader service delivery ecosystem are impacting performance.

These pressures have resulted in a substantial cash flow deficit, which management has been tasked to address in the new financial year. Our immediate priority is to contain the deficit and eliminate it in the years ahead.

Enhanced rental collections and improved loan repayments will be the primary drivers of ECDC funding going forward. This necessitates prudent management of both the property and loan portfolios to support investment promotion, trade development, the small business ecosystem, youth employment, and entrepreneurship, as well as sector coordination and support.

The capitalisation of the ECDC remains a pressing concern. Discussions with our shareholder are ongoing to secure additional funding. Concurrently, we are intensifying stakeholder engagement efforts to harness and leverage partner resources for improved delivery. The effectiveness of ECDC's programme delivery instruments depends significantly on these partnerships to broaden our development impact. We are grateful to our stakeholders and communities for their continued support in an increasingly complex operating environment. Although notable progress has been made in transforming our property portfolio, significant challenges persist. These issues threaten the sustainability and viability of the Corporation, and constrain our capacity to support investment and small business development—particularly for youth- and women-owned enterprises. With youth unemployment rising nationally, there is an urgent need to develop support programmes that promote youth entrepreneurship. Our ability to roll out these initiatives depends largely on resolving the challenges in our property business, which remains our largest revenue source.

The modernisation of the property portfolio is a key strategic focus. We are refurbishing and upgrading assets to attract public and private investment, improve operational efficiency, and ensure sustainable revenue generation.

We are also making progress in restoring law and order within the property portfolio. Illegal invasions continue to affect our property stock, alongside persistent tenant delinquency and non-payment of rentals. We appreciate the support of government, law enforcement, and the criminal justice system in addressing these challenges.

Illegal invasions and non-payment of rentals have severely undermined our revenue base, limiting our ability to reinvest in the property portfolio. However, we have begun to reclaim illegally occupied buildings and are starting to unlock economic value from these assets. We also secured a legal victory against a class action by non-paying tenants in Butterworth and Mthatha, paving the way for the disposal of up to R45 million in non-core assets while discouraging future frivolous litigation. We urge our tenant community to engage in good faith as we work toward a sustainable and prosperous future for the Eastern Cape.

Despite these headwinds, the Corporation successfully concluded its first commercial property auction during the review period. The sale of Mthatha's Windsor Hotel demonstrated the strong market value of our as-

sets. We also received unsolicited bids amounting to R58 million for other properties, indicating a healthy appetite for non-core assets. In total, the disposal programme raised R24,3 million, with the potential to raise an additional R22 million, pending approval of public bids received before financial year-end.

R24,3 MILLION

raised in the disposal programme with the potential to raise an additional R22 million

We are also strengthening our infrastructure development capabilities. During the review period, the ECDC managed R412 million in infrastructure projects, reflecting government's confidence in our implementation capacity. This function is also spearheading the refurbishment of our internal property assets.

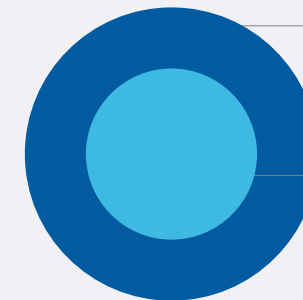
R412 MILLION

in infrastructure projects under management.

Macroeconomic and microeconomic challenges continue to stifle South Africa's growth, with downstream effects on the Eastern Cape. Although improved business confidence is expected to spur growth, the province faces ongoing challenges—including a volatile currency, infrastructure deficits, a fragile business environment, and high youth unemployment. Structural reforms, sound policy decisions, and a stable investment climate will be essential for sustained progress.

The ECDC is actively responding to these challenges through its suite of development instruments. We are supporting small business growth and sustainability through accessible enterprise finance, particularly in rural areas. These interventions are designed to enhance competitiveness, innovation, and productivity amid shifting global economic conditions.

We continue to improve access to finance and markets for small enterprises. Through tools like the Jobs Stimulus Fund, we are helping distressed businesses retain and create jobs. During the reporting period, we disbursed R91.7 million in loans. Of this amount, R80 million was disbursed to 76 enterprises and R11.7 million went to fees.



R80 MILLION

**2024/25
Loans disbursed to
76 enterprises**

R47 MILLION

**2023/24
Loans disbursed to
96 enterprises**

Our support for cooperatives has also contributed to their resilience and productivity by providing the essential infrastructure they need to succeed.

We remain committed to positioning the Eastern Cape as an attractive investment destination while strengthening the competitiveness of our exporter community. Economic development coordination and sectoral support continue to be prioritised as we seek new income streams to support our developmental mission.

In closing, I extend my heartfelt gratitude to our shareholder, partners, and stakeholders for their unwavering support. I thank the Board for its strategic leadership, and the ECDC staff for their dedication to delivering meaningful developmental outcomes. Lastly, I commend the small business community and entrepreneurs across the province for their resilience and determination as we work together to write a new chapter of economic success for the Eastern Cape.

Vuyani Jarana

Chairperson of the Board
Eastern Cape Development Corporation



EXECUTIVE MANAGEMENT

Ayanda Wakaba
Chief Executive Officer



Khaya Zonke
Chief Investment Officer



Lulama Mbobo-Vava
Executive:
Corporate Services



Nangamso Matebese
Executive: Economic
Development Coordination and
Sector Support



Pumeza Bija
Head: Legal, Compliance and
Governance



Mayibongwe Geqeza
Acting Chief Financial Officer



Darwin Zinzile Nkonki
Executive:
Enterprise Finance and
Business Support



Yandisa Sobuza
Executive:
Properties and Facilities
Management



Sibusiso Ralarala
Acting Head: Strategy and
Regional Operations



Thembakazi Ngxabani
Executive:
Infrastructure Planning and
Development

CHIEF EXECUTIVE OFFICER'S REPORT

In a climate of
constraint,
we've chosen
innovation and
impact.

”

Ayanda Wakaba



Report Highlights

MSME Impact

R91.7 million in loans disbursed

- R80 million disbursed to 76 enterprises
- R11.7 million to fees

625 jobs saved/retained through Jobs Protection and Stimulation Fund

R17,58 million disbursed to 57 cooperatives

273 businesses received direct business support

R124,2 million value of funds leveraged directly for MSME projects

309 jobs created through enterprise finance (loans)

Properties & Infrastructure

R412 million in client infrastructure projects under management

R119,3 million spent in the property refurbishment programme

R24,36 million generated from residential property disposals

Rentals collections **65%** of billings

R1,4 billion property portfolio value

Export & Investment Promotion

R2,76 billion in investments facilitated

R220,8 million in exports facilitated

2,757 jobs created through trade & investment efforts

198 enterprises trained on trade and export readiness

Economic Coordination & Sector Support

15 catalytic economic development projects supported

R78,4 million leveraged for economic development initiatives

The 2024/25 financial year laid the foundation for a spirited pursuit of the Corporation's mandate delivery aspirations. These aspirations are driven by the urgent need to facilitate inclusive, sustainable economic growth in the Eastern Cape. This necessitates positioning the ECDC as a vital component of the province's socio-economic architecture.

Our journey toward a prosperous Eastern Cape requires the coordination and enhancement of economic competitiveness, unlocking investment opportunities, expanding the economy, and creating an enabling environment for growth-driven investment and trade. Central to this effort is providing Micro, Small and Medium Enterprises (MSMEs) and cooperatives with access to finance and business support, enabling them to compete meaningfully in the economy. Additionally, the Corporation has affirmed its intent to serve as the preferred implementation agent for economic programmes and infrastructure projects.

The ECDC continues to lead in the implementation of economic development programmes. This work is undertaken with full awareness of the significant economic challenges confronting the citizens and small businesses of the Eastern Cape. Left unaddressed, these challenges could undermine the province's development agenda. In this regard, the ECDC remains committed to continuous improvement, leveraging its broad development mandate to deliver meaningful impact. Special-purpose vehicles like the ECDC are expected to deliver more with less, operating in an environment defined by fiscal and budgetary constraints.

COMPETENT STEWARD OF PUBLIC ASSETS

In light of these challenges, we are focused on building a financially astute and capable ECDC that is an effective steward of public assets. We are investing in human capital to deliver pronounced development outcomes through robust programme design and execution. Our goal is to cultivate a talent pool equipped to respond to the province's immediate and pressing economic needs.

SMME SUPPORT PACKAGES

Our commitment to the development of a sustainable small business sector is underpinned by government's continued investment in financial and non-financial support tools that enhance growth, competitiveness, and productivity. This investment is strategic, acknowledging that the MSME sector is the cornerstone of thriving economies.

The role of development financiers such as the ECDC is critical. Unlike private lenders, development institutions assume greater risk by supporting entrepreneurs who may be considered "unbankable" due to limited or no collateral. This requires the Corporation to maintain a careful balance between financial sustainability and its developmental mandate.

Support for this sector is a national imperative, particularly as the country faces persistent unemployment, especially among youth. With both government and the private sector unable to absorb enough young people into the workforce, entrepreneurship becomes a vital pathway to integrate youth into the mainstream economy. This calls for bold leadership and a national policy framework that actively supports youth-led entrepreneurship.

The ECDC welcomes government's prioritisation of youth employment and entrepreneurship through mechanisms such as the Small Town, Township and Rural Entrepreneurship Programme. Additionally, the Corporation is driving the development and implementation of financial incentives for cooperatives, as well as the agriculture and automotive sectors. These initiatives complement our loan offerings and non-financial instruments, while transforming ECDC's property portfolio into a dynamic business platform that supports economic vibrancy.

INVESTING FOR GROWTH

We are directing resources towards promoting the Eastern Cape as a competitive destination for both domestic and foreign investment. Simultaneously, we are working to increase the number and value of provincial exports. To this end, we support export development programmes that prepare businesses for the challenges of the global marketplace, ensuring that MSMEs can compete globally through improved product development and productivity.

The ECDC continues to utilise the Eastern Cape Economic Development Fund (EDF) to drive inclusive growth, industrialisation, and other developmental outcomes. Our investments are aimed at commercially viable ventures that stimulate economic activity, encourage entrepreneurship, and generate sustainable employment.

Furthermore, we are strengthening economic development coordination and sector support while leveraging strategic partnerships to extend our developmental impact. Our goal is to ensure coherence in the planning, financing, and implementation of economic development and infrastructure projects in priority sectors, aligned with the Provincial Development Plan (PDP) and the Provincial Economic Development Strategy (PEDS). This also enhances our sector intelligence and business development capabilities to inform evidence-based decision-making.

INFRASTRUCTURE DELIVERY

The Corporation is enhancing its role as an infrastructure delivery arm of government through the implementation of critical socio-economic infrastructure. To support this, a dedicated infrastructure planning and

development business unit has been established. This unit offers project management and implementation support for government-led infrastructure initiatives and oversees the Corporation's ambitious internal property refurbishment programme.

A notable achievement has been the intensification of the ECDC's property modernisation strategy. During the reporting period, approximately R119,3 million was invested in planned refurbishments across the portfolio. The disposal of non-core and non-revenue-generating properties is also in progress.

Several projects have been initiated by the Economic Development and Sector Support Unit. As these are rolled out, they are expected to significantly contribute to the province's economic development. Our investment attraction and export promotion initiatives have received strong support from the Office of the Premier, the Department of Economic Development, Environmental Affairs and Tourism (DEDEAT), and the Eastern Cape Provincial Treasury, aligning closely with provincial priorities.

The Finance Unit has prioritised improvements in revenue and debt collection—historically a key challenge. Interventions have focused on strengthening internal capacity within the unit to enhance financial performance.

R119,3 MILLION

spent by the corporation for planned refurbishments of its portfolio

FINANCIAL REVIEW

During the reporting period, the ECDC faced significant cash flow challenges, compounded by underperformance in lease rental collections. As of year-end, a substantial cash deficit remained. Management has put plans in place to address this in the new financial year, with the priority being a return to surplus over the medium term.

Funding remains a persistent challenge. The ECDC will continue engaging with the Shareholder and key stakeholders to secure additional resources, particularly to support the economic development mandate. Rental income from commercial and industrial tenants remains the primary source of self-generated funding.

The Corporation recognises that achieving meaningful development impact requires a collaborative approach, leveraging resources from both public and private partners. We are actively forging high-value partnerships to support mandate delivery. Discussions with the Shareholder are also ongoing regarding the recapitalisation of the ECDC's loans and property businesses.

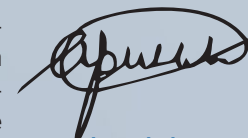
FUTURE OUTLOOK

The ECDC will continue to pursue strategic partnerships that amplify development impact. Internally, we will focus on enhancing operational efficiency to improve outcomes. Our human capital is being developed to deliver a meaningful socio-economic dividend to the province.

Ultimately, we are committed to building a capable, effective, and sustainable institution that delivers on its promises and earns the trust of the public.

APPRECIATION

I would like to express my sincere gratitude to the Board for its steadfast support in driving the ECDC mandate amidst a challenging development landscape. I am equally thankful to the ECDC team for their resilience and unwavering commitment. I extend my appreciation to the leadership and team at DEDEAT for their consistent guidance, and to MEC Nonkqubela Pieters for her insightful leadership and ongoing support.



Ayanda Wakaba

Chief Executive Officer

Eastern Cape Development Corporation



CHIEF FINANCIAL OFFICER'S REPORT

In a tough
financial climate,
we remained
focused,
disciplined, and
forward-looking.

Mayibongwe Geqeza



Report Highlights

Surplus Growth

Surplus of **R51,678 million** (excluding fair value adjustments) - up from R51 million

Property Investment

R119,3 million spent on property refurbishments

Improved Debt Collection

Rental collection rate improved from **60% to 65%**

Strategic Cost Management

Continued cost containment through in-house travel, virtual meetings, and vehicle-use policy

Improved Financial Controls

Stronger internal reporting and SCM policy revisions to streamline procurement

Rollover Request for Infrastructure

R24,7 million requested in rollover funds for multi-year infrastructure projects

Revenue Strategy in Place

Clear revenue generation focus: 71% from rental income, 11% from loan fees

Targeted growth in project management, interest earnings, and dividends

Unqualified Audit Outcome

Unqualified audit opinion

GENERAL FINANCIAL REVIEW OF THE PUBLIC ENTITY

The financial performance of the ECDC for the 2024/25 financial year has been influenced by several initiatives aligned to the approved renewal strategy which is being implemented by the ECDC. The renewal strategy formed the basis for an improved trajectory in the financial performance of the ECDC and some of these initiatives include:

- Intensifying the implementation of the property modernisation strategy. This project reached its peak in the current financial year, where the ECDC spent about R119,3 million towards the planned refurbishments which is in line with the yearly targets
- The decision of the Board to dispose of non-performing residential property was also initiated, and although challenges were experienced, this process is well under way
- The economic development and sector support initiative has resulted in several projects initiated and as these are rolled out, will contribute to the economic development of the province. The initiatives to attract investments and promote exports have also obtained support from the Office of the Premier, DEDEAT and the Eastern Cape Provincial Treasury as they align to the provincial priorities
- The finance department focussed on initiatives to improve overall reporting as well as to intensify the revenue collection and debt management strategy. This has been a significant challenge. Several challenges have been addressed through this process
- The ECDC faced cash flow challenges during the review period. These were exacerbated by poor collections on rentals. As at year end, the ECDC faced a significant cash flow deficit which management intends to address in the new financial year. The priority is to keep the deficit at current levels, and the plan is to clear the deficit over the next few financial years
- The ECDC received a budget that is far less than the previous financial year. This has resulted in some of its key projects being put on hold, and some delays in appointing critical positions within the Corporation. Treasury and DEDEAT see the ECDC as a 3D entity which should be self-sustaining. However, this has not been fully achieved, as the ECDC is still in a process of refurbishing its commercial properties.

The surplus for the year under review (excluding the fair value adjustments to investment properties) is **R51,678 million** versus a surplus of **R51,063 million** for the previous financial year. This emanates from a combination of additional recapitalisation grants recognised, improved operating revenue, as well as reduced operating expenditure. The operating revenue was below the previous financial year except for other income with a significant increase (such increase linked to Fair value gains on investment properties).

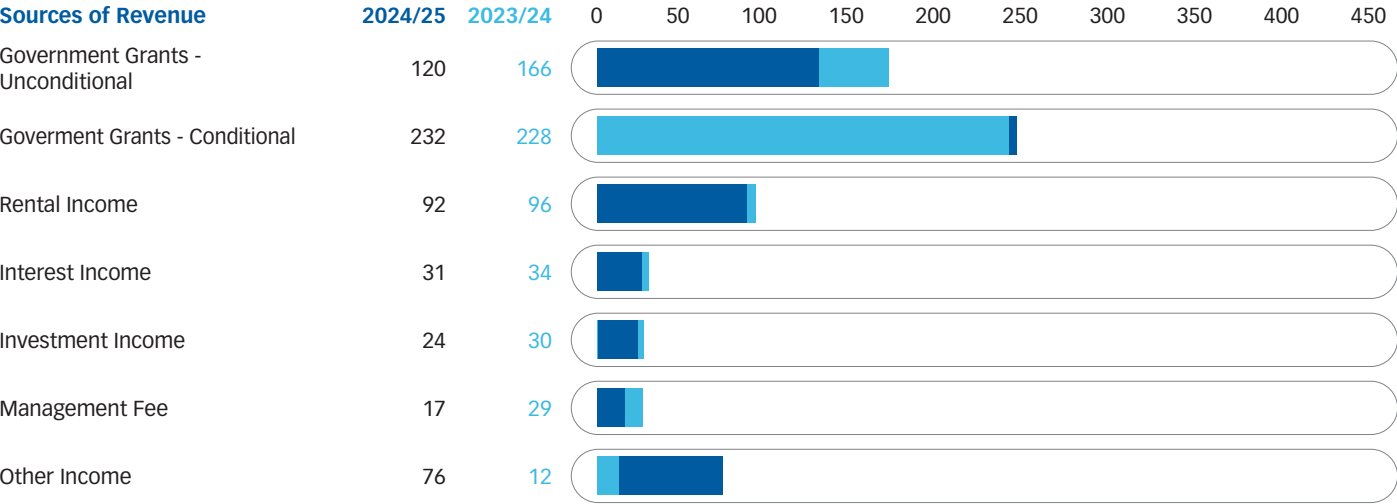
R51,678 MILLION

Surplus under the year under review

R51,063 MILLION

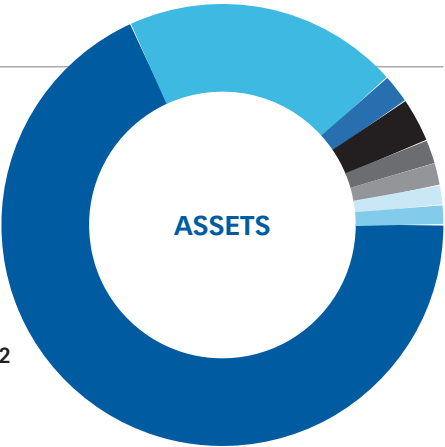
Surplus in the 2023/24 financial year

Sources of Revenue



The statement of financial position reflects a very sound asset base with the investment properties making up 72,44 % of the total assets. The challenge is the return on investment on properties, based on current operational challenges within the Properties and Facilities Management Unit.

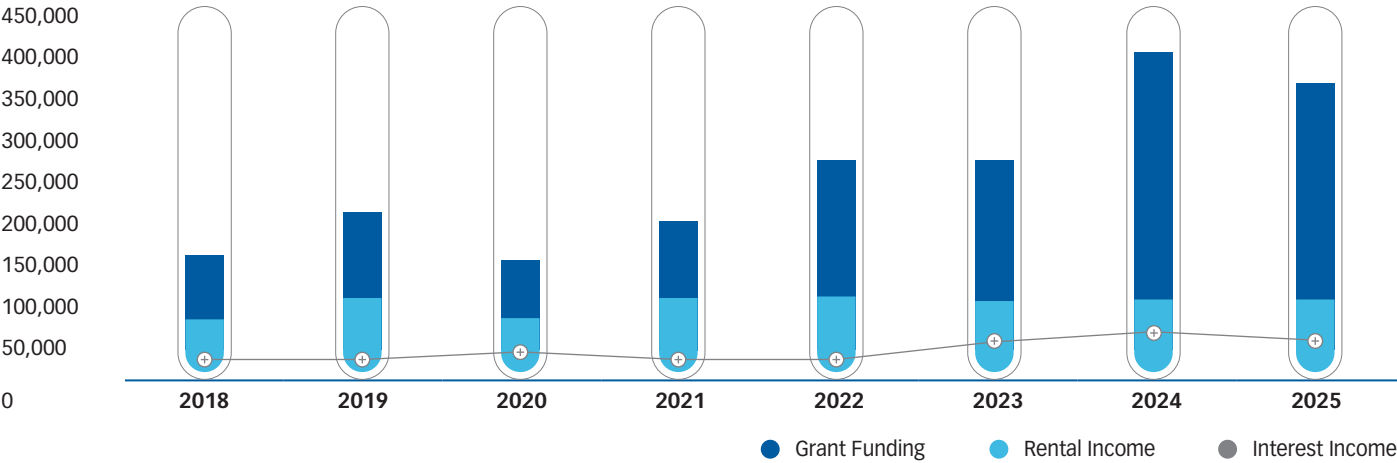
- Investment property 1,424,104
- Cash and cash equivalents 258,345
- Loans and advances 88,879
- Property, plant and equipment 55,316
- Loans to subsidiaries & associates 37,516
- Investment in subsidiaries & associates 37,402
- Trade & other receivables 32,247
- Investments 32,122



SPENDING TRENDS OF THE PUBLIC ENTITY
Revenue Streams

| Details | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|-----------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Grant Funding | 150 148 | 203 117 | 147 160 | 193 115 | 268 732 | 267 429 | 393 885 | 352 548 |
| Rental Income | 78 420 | 96 695 | 83 016 | 93 774 | 99 301 | 94 873 | 95 802 | 91 681 |
| Interest Income | 23 107 | 27 344 | 29 601 | 17 634 | 17 364 | 46 334 | 63 756 | 55 079 |

Trend on Major Income Sources



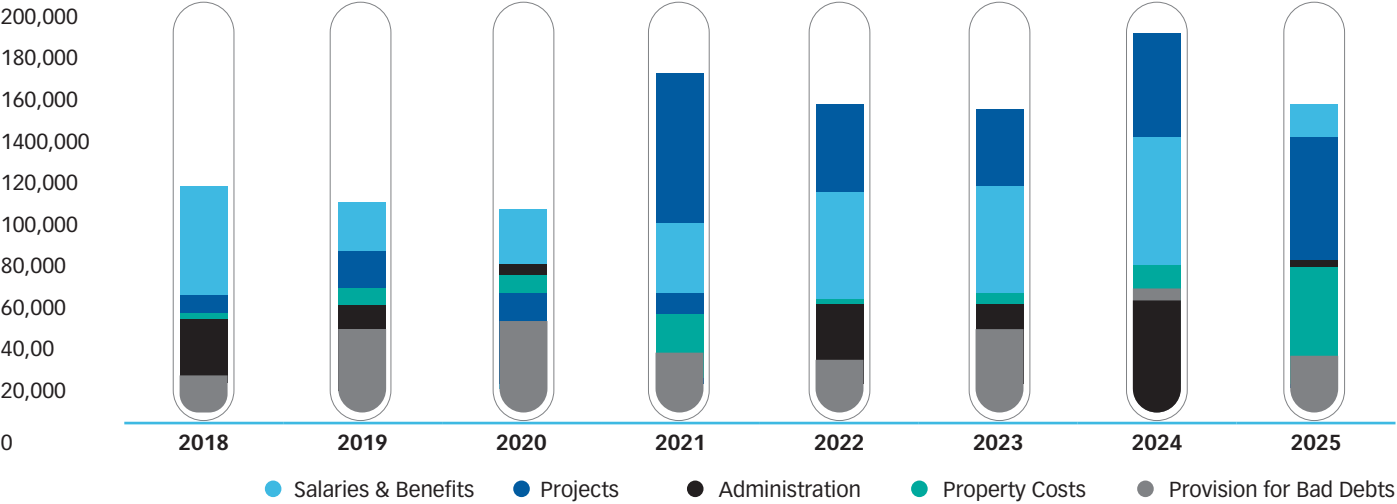
Grant funding fluctuates from year to year, as allocations are based on annual requests and targets linked to provincial initiatives. The allocations by the Provincial Treasury are reviewed during the MTEC hearings held each October.

Rental income has remained consistent, with marginal improvements over the past five years. It is anticipated that the implementation of revenue generation strategy initiatives will help enhance this trend over the Medium-Term Expenditure Framework (MTEF) period. The ECDCs management and the Board have been engaged in refocusing the Corporation to address the Property Unit strategy and improve the cash flow position.

Expenditure streams

| Details | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|-------------------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Salaries & Benefits | 114 341 | 105 530 | 101 426 | 95 675 | 110 289 | 114 591 | 136 696 | 151 823 |
| Provision for Bad Debts | 19 799 | 44 334 | 48 672 | 32 671 | 27 760 | 42 577 | 72 520 | 31 347 |
| Administration | 49 735 | 82 031 | 73 822 | 50 633 | 58 043 | 54 857 | 64 238 | 76 809 |
| Projects | 59 809 | 55 736 | 70 682 | 168 705 | 153 703 | 150 777 | 188 787 | 137 166 |
| Property Costs | 51 998 | 64 407 | 61 766 | 62 032 | 56 671 | 61 963 | 75 897 | 74 242 |

Trade on major expense items



The significant fluctuation in expenditure trends relates to project costs. There is a direct correlation between project costs and government grants, as most of these projects are funded through ring-fenced grants received specifically for such projects. Other expenditure streams remain consistent, with only marginal fluctuations. Salary and benefits costs are currently on an upward trajectory, linked to key vacancies being filled within the last two financial years. These mainly pertain to the Economic Development Coordination and Sector Support, as well as the Investment Management, Trade, and Investment Promotion units. Provision for bad debts shows a decreasing trend, and initiatives have been developed to ensure better debt collection management. Debt collection has improved from 60,27% in the previous financial year to 64,89% in the current financial year.

60.27%
debt collection rate in 2023/24

64.89%
debt collection rate in 2024/25



CAPACITY CONSTRAINTS AND CHALLENGES FACING THE PUBLIC ENTITY

Capacity constraints have been a major stumbling block for the ECDC, and this was directly linked to low revenue generation, low collection rates and the lack of recapitalisation funding for over 10 years. This situation was partially addressed in the 2023/24 financial year and is part of the renewed strategic plan developed by the ECDC. The organogram was re-

viewed, and the revised organogram now considers the critical positions that are required to ensure that there are effective operational activities and that agreed targets can be effectively pursued. Funding remains a challenge, and the ECDC will continue to engage its shareholder and key stakeholders to secure additional funding. The main driver of ECDC funding will be to collect rentals from its tenants.

DISCONTINUED KEY ACTIVITIES/ACTIVITIES TO BE DISCONTINUED

There are no discontinued activities, nor any intention to discontinue activities in the immediate future.

NEW OR PROPOSED KEY ACTIVITIES

There are no new proposed key activities. The organogram structure has been amended to separate Economic Development Coordination and Sector Support activities from the Investment Management, Trade, and Investment Promotion unit.

REQUESTS FOR ROLL-OVER OF FUNDS

There has been a request for the roll-over of funds for the 2024/25 financial year. The amount which was requested was R24,682 million, and relates mainly to infrastructure projects which are generally multi-year projects. The process of reviewing and approving these rollovers are considered by Provincial Treasury during the budget adjustments estimate process which takes place in October each year.

The project funds highlighted below are the audited project values as of 31 March 2025.

Project Funds as at 31 March 2025

| Description | Source of Funding | Balance at 31 Mar 2025 | Possible surrender | Request for Roll Over | 3rd Party Funding - Not subject for Funding |
|--------------------------------|-------------------|------------------------|--------------------|-----------------------|---|
| IDC GRANT (Small Business_Dep) | DSBD | - 594 863 | | | - 594 863 |
| Export Helpdesk - BCM | Buffalo City | - 127 037 | | | - 127 037 |
| DIMBAZA REVITALISAION-BCMM | Buffalo City | - 19 990 865 | | | - 19 990 865 |
| InvestSA EC One Stop Shop | DIIC | - 3 360 921 | | | - 3 360 921 |
| Zanyokhwe renovations | DALRRD | - 484 664 | | | - 484 664 |
| Zanyokhwe hydroponics | DALRRD | - 1490 799 | | | - 1 490 799 |
| Mnqumashe Abattoir | DALRRD | - 1943 880 | | | - 1 943 880 |
| Mbodla heritage facility | DALRRD | - 1 159 071 | | | - 1 159 071 |
| Ebden Substation upgrade | Enock Mgijima Mun | - 671 901 | | | - 671 901 |
| Zuurberg Heritage Memorial | DALRRD | - 12 294 647 | | | - 12 294 647 |
| ECDC & ECRDA Collaboration | ECRDA | - 24 772 961 | | | - 24 772 961 |
| DALRRD SHEARING SHEDS PROJECTS | DALRRD | - 17 192 | | | - 17 192 |
| GWAIYU ACCESS ROAD | DALRRD | - 5 654 683 | | | - 5 654 683 |
| MVEZOVILLAGE IRRIGATION SYSTE | DALRRD | - 3 371 387 | | | - 3 371 387 |
| ZVVELIHLE COMMUNIY HALL@GOSS | DALRRD | - 5 357 932 | | | - 5 357 932 |
| Khiba Shearing Shed | DALRRD | - 185 173 | | | - 185 173 |
| Masimanyane Shed | DALRRD | - 28 613 | | | - 28 613 |
| Mabhobho Shed | DALRRD | - 102 458 | | | - 102 458 |
| MER_SETA automotive Project | MERSETA | - 492 201 | | | - 492 201 |

| Description | Source of Funding | Balance at 31 Mar 2025 | Possible surrender | Request for Roll Over | 3rd Party Funding - Not subject for Funding |
|--------------------------------|-------------------|------------------------|--------------------|-----------------------|---|
| MER_SETA automotive Project | MERSETA | - 492 201 | | | - 492 201 |
| Carolina Farm Project_DALLRD | DALRRD | - 26 931 | | | - 26 931 |
| Makana Sanitation | DEDEAT | - 1334 155 | - 1256 073 | - 78 082 | |
| EconStimulus-Dimbaza Park | DEDEAT | - 13 481 613 | | - 13 481 613 | |
| EconStimulus-Queendustria | DEDEAT | - 794 996 | - 794 996 | - | |
| EconStimulus-Mt Ayliff trade | DEDEAT | - 248 664 | - 85 783 | - 162 881 | |
| FILM FUND | DEDEAT | - 3 232 208 | | - 3 232 208 | |
| Film Fund - Infrastructure | DEDEAT | - 4 000 000 | - 32 208 | - 3 967 792 | |
| Jobs fund | DEDEAT | - 927 506 | | - 927 506 | |
| SMME Product and Process Certi | DEDEAT | - 83 342 | | - 83 342 | |
| Imvaba Fund | DEDEAT | - 1 705 754 | | - 1 705 754 | |
| NAM Cluster | DEDEAT | - 184 000 | - 184 000 | - | |
| Agro-processing and Capacity | DEDEAT | - 1042 588 | | - 1042 588 | |
| EC Tooling Initiative | DEDEAT | - 14 195 | - 14 195 | - | |
| Total | | - 109 177 197 | - 2 367 255 | - 24 681 765 | - 82 128 177 |

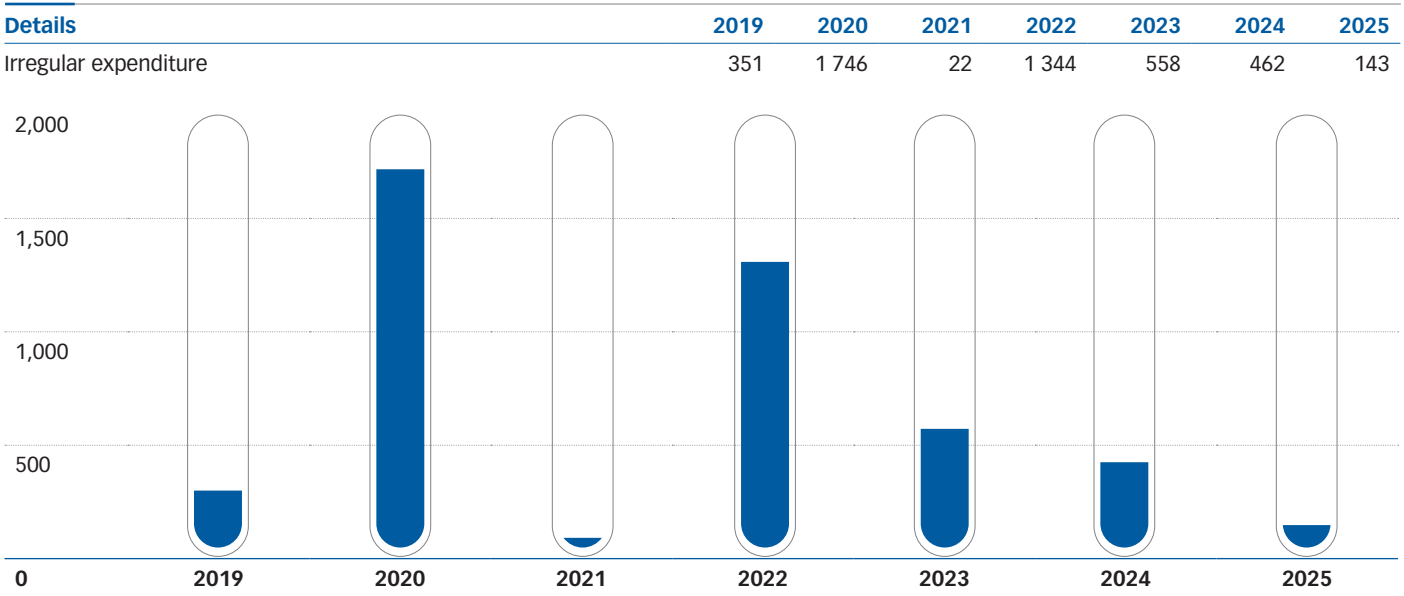
SUPPLY CHAIN MANAGEMENT (SCM)

A formally approved Supply Chain Management (SCM) policy for goods and services, as well as a separate SCM policy for infrastructure, is in place. Both policies were reviewed and amended during the year under review to accommodate changes related to interventions applied by management to streamline procurement processes, thereby ensuring a quicker turn-around time. All related processes and procedures were also amended to reflect these changes.

SCM PROCESSES AND SYSTEMS

We are satisfied that adequate processes and systems are in place to ensure that procurement is done in a fair, transparent, and equitable manner as required by the Constitution and all relevant SCM legislative documents.

Irregular expenditure trend



Irregular expenditure has been well-managed over the last six years. Requests for condonement have been submitted to Provincial Treasury to clear these disclosure notes. Effective consequence management actions have been taken in relation to these expenses.

PLANS TO ADDRESS FINANCIAL CHALLENGES

Several interventions have been initiated to address financial challenges and are summarised below:

- Management has developed a Revenue Generation Strategy aimed at identifying specific goals and targets to assist the organisation in improving revenue generation. The focus has been on enhancing the current revenue streams.

The two focal areas are:

- **Core commercial operations**
 - The two main sources of revenue are rental income from the property portfolio and interest and administration fees from loans issued.
 - Rental income constitutes approximately 71% of own revenue generated.
 - Loan interest and administration fees constitute approximately 11% of own revenue generated.
- **Secondary revenue generation streams**
 - Interest on outstanding rental debtors
 - Management fees – comprising project management fees, implementation management fees, and programme management fees, explained in more detail below.
 - Interest on invested funds
 - Dividend income from equity investments in business enterprises
- **Cost containment measures**
 - The continued use of virtual meetings has resulted in significant savings in travel, accommodation, and refreshment costs.
 - The ECDC has developed a policy for an in-house travel management system to reduce costs charged by travel agencies.
 - Employees are encouraged to use their own private vehicles for business travel, especially for trips less than 350 km one way. Employees can claim mileage instead of hiring a vehicle.
 - The ECDC has implemented a policy to cease payment of municipal services for all properties that have been unlawfully occupied (invaded), as well as those occupied by tenants with outstanding arrears. Formal notices have been issued to the relevant municipalities requesting the discontinuation of services to these properties
 - Cost containment measures have been communicated to all staff to emphasize the importance of cost consciousness at all levels.
- **Revenue collection and Debt Collection**
 - A framework for revenue generation and debt collection has been reviewed, developed, and approved by management.
 - Roles and responsibilities related to the management of debt collectors and attorneys appointed to assist with these matters have been clearly defined, with intentions to monitor closely.
 - Regular reports will be generated, and the frequency of meetings discussing outstanding debts will increase.

EVENTS AFTER THE REPORTING DATE

Management is not aware of any other matters or circumstances arising since the end of the financial year that significantly affect the financial position of the Corporation or the results of its operations.

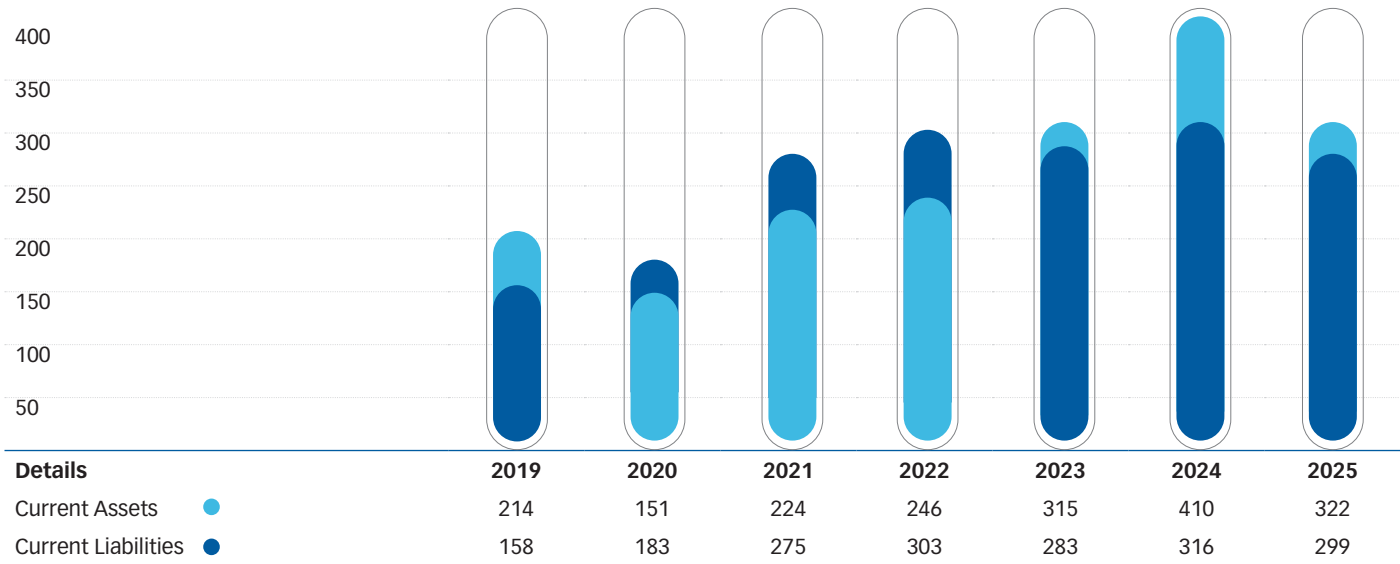
GOING CONCERN

The auditors have expressed reservations about the ECDC’s ability to continue as a going concern in the foreseeable future. Management has conducted a comprehensive assessment and is confident that the ECDC will continue as a going concern despite the negative indicators noted. The factors supporting the ECDC’s viability include:

- It continues to carry out various mandates on behalf of government.
- Government views the ECDC as a critical vehicle to support initiatives aimed at improving the Eastern Cape economy and assisting MSMEs within identified sectors.
- The appointment of the ECDC as the implementing agent for the Provincial Economic Development Fund underscores its important future role.
- Despite liquidity challenges, the ECDC has managed its finances exceptionally well, ensuring operations remain within available funding constraints.
- The ECDC continues to play a vital role in issuing loans and providing business support to MSMEs who would not be able to secure such loans from traditional financial institutions.

The current ratio of the ECDC shows that management has effectively managed its cash flow, with positive ratios reflected over the last three years.

Current Ratio Trend



SUBSIDIARIES AND ASSOCIATES

The subsidiaries included in the Group disclosures are Transdev Properties (SOC) Ltd, Centre for Investment and Marketing in the Eastern Cape (NPC), Cimvest (Pty) Ltd, and the Automotive Industry Development Centre (Eastern Cape), in which the ECDC holds a 100% shareholding. The ECDC also holds a 98% shareholding in Transkei Share Investments Company (SOC) Ltd.

The financial statements of all subsidiaries have been prepared on a going concern basis and are disclosed in the related parties disclosure note in the annual financial statements.

AUDIT OUTCOMES

The ECDC achieved an unqualified audit opinion in the 2024/25 financial year. The outcome is consistent with the previous years’ audit. This clearly demonstrates ECDC adherence to the applicable controls and regulatory requirements.

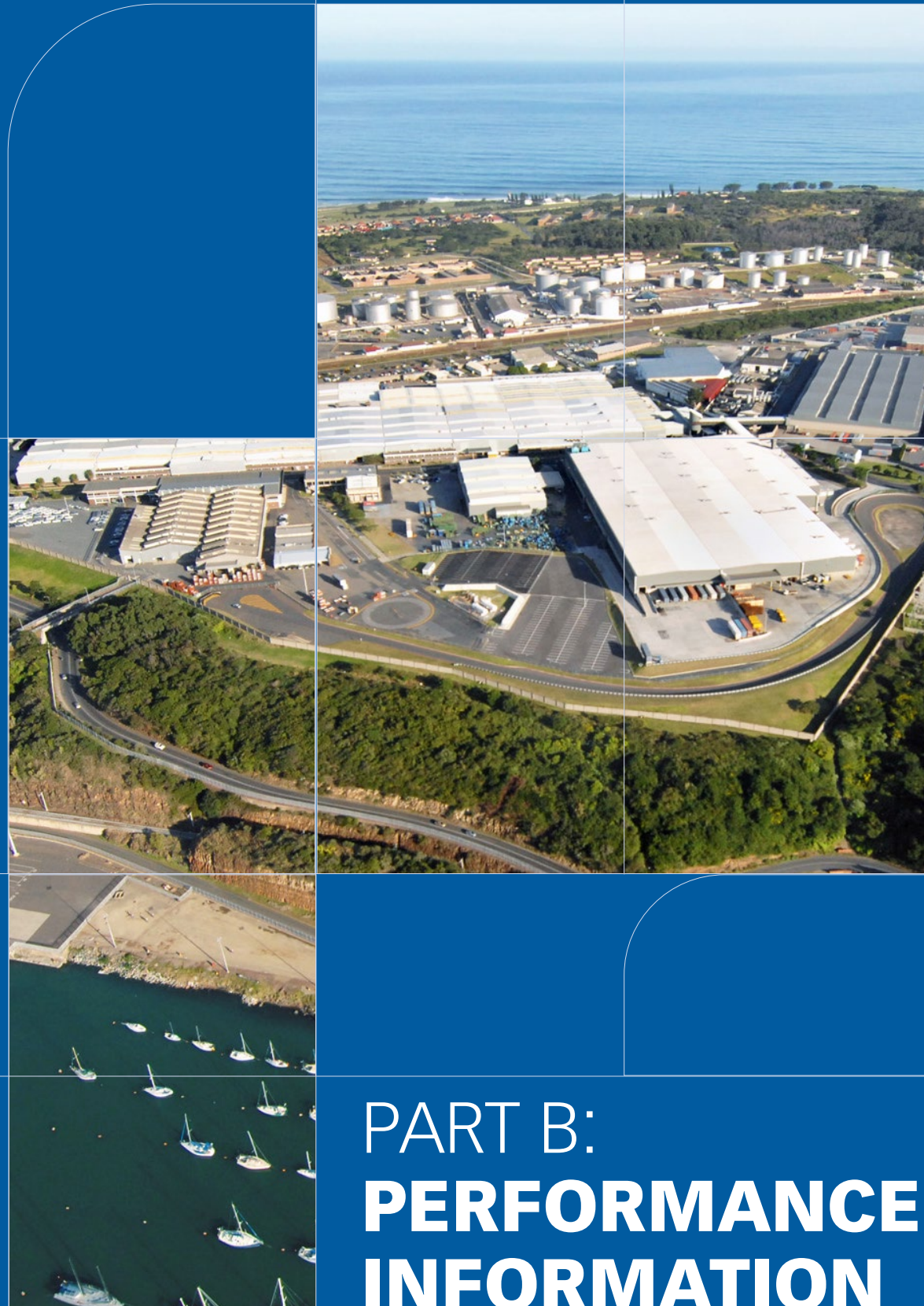
ACKNOWLEDGEMENT AND APPRECIATION

The Finance Unit would like to acknowledge the guidance and direction provided by the Board through the Audit and Risk Committee and the Funding and Investment Committee on all financial matters. Appreciation is also expressed to the executive management team for their support and input throughout the year. Acknowledgement and gratitude are further extended to the Finance team, who worked tirelessly to ensure that all deadlines were met, audit queries addressed, and required documents submitted on time. This involved many days of long working hours, which is greatly appreciated.



Mayibongwe Gegeza
Acting Chief Financial Officer
Eastern Cape Development Corporation





PART B: PERFORMANCE INFORMATION

OVERVIEW OF PERFORMANCE

The ECDC developed its Corporate Plan and Strategy in fulfilment of the provisions of section 52 of the Public Finance Management Act (PFMA), Act 1 of 1999 as amended read with National Treasury Regulation 29.1.3. To monitor and evaluate implementation of the corporate plan, the ECDC developed key performance indicators (KPIs), in which the Corporation's success in achieving its objectives will be measured.

The performance scorecard provides details and progress made on all the KPIs that are in the ECDC Corporate Plan in respect of the 2024/25 financial year performance as well as variances to the target. The Corporate Performance Scorecard as at end of 2024/25 is illustrated in Table 1 on the following pages.



Sibusiso Ralarala

Acting Head: Strategy and
Regional Operations

We are activating,
resourcing and
developing enterprising
ideas and projects

”



ORGANISATIONAL PERFORMANCE SCORECARD

Outcome 3: Increased investment in priority economic sectors and diversification of exports and trade in traditional and new markets

| OUTPUT | RESPONSIBLE DIVISION | OUTPUT INDICATOR | 2023/24 BASELINE INFORMATION | 2024/25 ANNUAL TARGET | 2024/25 ACTUAL PERFORMANCE | Variance (%) | REASON FOR VARIANCE |
|----------------------------|--|--|------------------------------|---|----------------------------|--------------|---|
| Investment facilitation | Investment management, trade, and investment promotion | 1.1 Rand value of investments facilitated per annum | R1 032 756 858 | R350 million | R2 763 189 150 | 689% | The ECDC set an annual target of R350 million for investments facilitated and achieved R2.76 billion by year-end, significantly exceeding the target. A strong performance in earlier quarters drove the substantial overachievement on this KPI, largely attributed to a significant “windfall” from the successful facilitation of a major windfarm project. This project generated a higher-than-anticipated number of jobs through its extensive construction and operational phases, contributing considerably to the overall job creation figures. The scale and impact of this renewable energy investment exceeded initial expectations, highlighting the importance of strategic, high-impact projects in driving meaningful employment outcomes and underscoring the potential for similar initiatives to boost future targets. |
| | | 1.2. Number of investor leads Landed and/or existing investors supported | 75 | 100 | 28 | -72% | The ECDC underperformed on this KPI largely due to unfavourable economic conditions that constrained investor interest and limited the number of viable investment leads. While targets were set based on previous year baselines, the unexpected downturn in the economic environment impacted the Corporation’s ability to meet these projections. This highlights the need for more dynamic target-setting that accounts for changing macroeconomic factors and potential risks in future planning cycles. |
| | | 1.3 Number of sectoral catalytic investment projects supported | 16 | 12 | 12 | 0% | Target achieved. |
| | | 1.4 Number of jobs facilitated through trade and investment support per annum | 1325 | 640 | 2 757 | 331% | The ECDC exceeded the annual job creation target through intensified trade and investment efforts, resulting in strong job creation outcomes. This positive variance was further boosted by an unexpected windfall of additional investments late in the year, which generated more job opportunities than initially projected. |
| Trade and export promotion | | 1.5 Rand value of exports facilitated per annum | R212 900 513 | R220 million | R220 834 967 | 0.04% | The ECDC slightly exceeded its target, supported by export growth in the Red Meat, Livestock, and Specialty Foods sectors. The Export Development Programme effectively created trade opportunities and strategic partnerships. |
| | | 1.6 Number of enterprises trained on trade and export readiness | 188 | 180 | 198 | 10% | The ECDC exceeded the target due to strong demand from enterprises for trade and export readiness support, as well as effective outreach and coordination by the Export Development Programme. |
| Investment Stimulation | | 1.7 Percentage of allocated Economic Development Fund (EDF) approved and disbursed (Disbursed amount/capital allocation less implementation fees | New Indicator | 75% | 22% | -71% | The ECDC underperformed on this KPI due to the delayed release of Economic Development Fund (EDF) funding, which was only made available at the end of Quarter 3. This delay significantly impacted the implementation timeline and disbursement progress of the programme for the year under review. Claims can only be made based on actual disbursement of funds. Delays in funding resulted in disbursements not being processed on time due to the necessary due diligence requirements. |
| | | 1.8 Value of resources leveraged through the EDF expressed as percentage of approved annual EDF application funding | New Indicator | 50% of EDF Approved application funding | 0% | -100% | The ECDC achieved 0% against this KPI due to the late release of EDF funding, which significantly delayed programme implementation. As a result, the organisation was unable to align with the planning and budgeting cycles of potential partners, limiting opportunities to leverage external resources. Earlier funding release would have enabled greater collaboration and resource mobilisation. |

Outcome 4: Increased growth and competitiveness of small enterprises in priority sector industries

| | | | | | | | |
|---|---|--|-------------|--------------|--------------|-----|---|
| MSMEs supported with financial services | Rural and Enterprise Finance and Business Support | 2.1 Number of MSMEs receiving financial support (loans and financial incentives) | 360 | 380 | 470 | 24% | The ECDC recently implemented a new programme targeting micro-enterprises. The programme is called Social Enterprise Replenishable Financial Support Programme implemented through intermediaries. The roll-out of the programme has yielded good results demonstrated by the demand of the facility by micro enterprises which dominate the number of MSMEs in the Eastern Cape. |
| | | 2.2. Number of co-operatives and participating enterprises/individuals receiving financial support | 51 | 55 | 57 | 4% | The two additional co- operatives achieved are a result of savings from applicants that did not exhaust the ceiling in their need. This contributed to funding two additional entities from the long pipeline which the ECDC is currently managing. |
| | | 2.3. Value of funds leveraged directly for MSME projects | R91 595 346 | R100 million | R124 227 130 | 24% | The ECDC exceeded this target primarily due to an unanticipated increase in co-funding contributions following disbursements made to MSMEs by the Corporation, significantly boosting the total value of funds leveraged for MSME projects. Additionally, the Agri-blended finance scheme was capitalised in Q4, enabling its resumption in the 2025/26 financial year. |
| MSMEs supported with non-financial services | | 2.4. Number of enterprises and individuals receiving entrepreneurship and business development support | 379 | 250 | 273 | 9% | The ECDC exceeded the annual target due to strategic partnerships with organisations such as CHEMIN, Productivity SA, and the Nelson Mandela Innovation Hub. In addition, the rollout of a targeted financial management programme to enhance MSME financial acumen and compliance attracted high demand, contributing to the overachievement. |
| | | 2.5. Number of MSMEs Supported with training and capacity development | 638 | 550 | 632 | 15% | The ECDC exceeded the target due to consistently high demand for training and capacity-building support from MSMEs, coupled with effective mobilisation and outreach efforts across key sectors. |

Outcome 4: Increased growth and competitiveness of small enterprises in priority sector industries

| OUTPUT | RESPONSIBLE DIVISION | OUTPUT INDICATOR | 2023/24 BASELINE INFORMATION | 2024/25 ANNUAL TARGET | 2024/25 ACTUAL PERFORMANCE | Variance (%) | REASON FOR VARIANCE |
|--|---|---|------------------------------|-----------------------|----------------------------|--------------|---|
| MSMEs jobs facilitated, saved and/or created | Rural and Enterprise Finance and Business Support | 2.6. Number of jobs facilitated (through loans) | 570 | 300 | 309 | 3% | Target exceeded due to various labour-intensive projects funded e.g., security, cleaning and agriculture, during the year under review. |
| | | 2.7. Number of jobs saved and/or created through the Jobs Protection and Stimulus Fund, and Imvaba Fund | 1503 | 1 350 | 827 | -39% | The ECDC had anticipated a specific budget during the planning cycle; however, the expected funding was not realised during the allocation process by the Shareholder. This shortfall resulted in unmet targets due to insufficient funding, leading to the suspension of key programmes and poor compliance with Jobs Fund requirements. |

Outcome 2: A well-managed, smart, and competitive property portfolio

| | | | | | | | |
|---|--------------------------------|---|----------------|--------------|--------------|-------|--|
| Property portfolio balance sheet management | Properties Management Services | 3.1. Rand value spend on the ECDC property acquisitions, refurbishment and upgrade | R45 507 367.36 | R120 million | R119 263 659 | -1% | The ECDC achieved 99% of target for internal refurbishments. |
| | | 3.2. Rand value capital raise from property disposals | R28 479 929 | R45 million | R24 357 494 | -46% | Market concerns are growing, as many properties at auction failed to attract bids due to occupancy issues and unsuccessful eviction processes. This is compounded by criminal occupation, as seen with the Norwood flats, where only 51% of the reserve price was met, leading to a rejected bid. The outcome of the class action has been finalised, with judgment in favour of the ECDC. The Corporation will now determine the appropriate next steps. If there is no appeal, we can proceed with the sale of interdicted properties in Mthatha and Butterworth, valued at R45 million. |
| | | 3.3. Rand value leverage from private sector | R0 | R50 million | R0 | -100% | The ECDC did not achieve the capital raising target of R50 million due to persistent challenges in securing financing through past Expression of Interest (EOI) processes. Despite strategic sourcing efforts, many identified projects faced difficulties attracting investors, largely because potential entrants require vacant occupation before committing funds. This condition has significantly limited bid participation and delayed capital mobilisation. Addressing these structural constraints will be critical to improving future capital raising outcomes. |
| | | 3.4. Rental collections as a percentage of billings | 60% | 70% | 65% | -7% | This is due to some tenants having stopped paying due to maintenance and municipal utilities queries. |
| Infrastructure delivery revenue generation | | 3.5. Rand value of Infrastructure programme under management for current year (external programmes) | R769 102 000 | R500 million | R412 169,000 | -18% | The ECDC underachieved on this KPI due to not securing a new project portfolio. However, efforts are underway to engage potential clients and secure a diversified pipeline of projects. |
| | | 3.6 Rand value of revenue from project and programme management services (external clients) | R8 106 695.30 | R11 million | R3 630 000 | -67% | The decline in the portfolio which has a knock-on effect on revenue generation is due to project delays and the severely challenged external portfolio (i.e., vandalism and projects on hold due to availability of funding). |

Outcome 5: Enhanced planning and co-ordination of economic development programmes and projects

| | | | | | | | |
|---|--|---|-------------|-------------|----------------|-----|---|
| Capital raising and resource leveraging. | Economic Development Coordination and Facilitation | 4.1 Rand value of funding leveraged for implementation of economic projects | R60 534 544 | R60 million | R78 392 079.43 | 31% | The ECDC overachieved on this KPI as several projects matured earlier than anticipated, leading to increased approvals during the year under review. |
| Economic development co-ordination and precision project planning | | 4.2. Number of catalytic economic development projects identified and supported, which are aligned with provincial priorities | 12 | 14 | 15 | 7% | The ECDC slightly overachieved on this KPI due to the activation of new economic development partnerships, including initiatives carried over from the previous financial year. |
| | | 4.3. Number of major projects (min R10 million per project) assessed for feasibility (internally or externally) | 5 | 6 | 6 | 0% | Target achieved. |

Outcome 1: A financially viable and sustainable organisation

| | | | | | | | |
|--|--------------------|--|-------------------|---------------------------------------|---------------------------|-----|-----------------------|
| Financial management and internal controls | SS & F | 5.1 Average number of days to pay suppliers | 15 days | 30 days | 24 days | 20% | Target achieved. |
| Organisational governance and compliance | | 5.2 External audit outcomes | Unqualified Audit | Unqualified, with matters of emphasis | Unqualified with findings | 0% | Measured audited AFS. |
| Human capital management and development | Corporate Services | 5.3 Minimum percentage of annual performance contracts in place and reviews undertaken | 94% | 90% | 96% | 7% | Target achieved. |

OPERATIONS REVIEW

The ECDC consists of five core business units:

- Rural Enterprise Finance and Business Support
- Investment Management, Trade and Investment Promotion
- Properties and Facilities Management
- Infrastructure Planning and Development
- Economic Development Coordination and Sector Support

The **Rural, Enterprise Finance and Business Support** unit generates revenue that contributes to the Corporation’s sustainability and the enterprises it supports. The unit’s primary drivers are capital, which it on-lends, and government grants, which it uses to assist micro, small, and medium enterprises (MSMEs) with financial incentives and non-financial support.

The **Investment Management, Trade and Investment Promotion** unit promotes the Eastern Cape as a destination for investment, trade, and tourism. It performs these functions in collaboration with various stakeholders, including embassies, investment promotion agencies, the Department of Economic Development, Environmental Affairs and Tourism (DEDEAT) and its entities, the Department of Trade, Industry and Competition (DTIC), municipalities, other state-owned entities, and relevant stakeholders. The unit aims to market the Eastern Cape as an investment destination to facilitate both foreign and local direct investment. It also provides aftercare services to existing investors, promotes trade, and facilitates increased exports from the Eastern Cape.

The **Properties and Facilities Management** unit seeks to generate returns for the Corporation through the prudent management of its residential, commercial, and industrial properties. The ECDC’s industrial real estate portfolio includes Vulindlela Industrial Park in the King Sabata Dalindyebo Local Municipality, Ibika Industrial Park in the Mquma Local Municipality, and the Dimbaza and Fort Jackson industrial parks in the Buffalo City Metropolitan Municipality.

The **Infrastructure Planning and Development** unit supports the implementation of social, basic services, and economic infrastructure. Programme delivery management services include infrastructure development for education (schools), health (clinics, hospitals, and associated accommodation), social and economic development (ECDC-related industrial and commercial centres), and municipal services (water and sanitation).

The Economic Development Coordination and Sector Support unit aims to position the ECDC as the province’s leading economic development agency by planning, coordinating, and implementing economic development projects.



Minqweno Yethu

Location: Dyamala Village, Whittlesea

Product: Vegetable Production

Market: Retailers, General Public, and Informal Traders

Employees: 4 permanent & 15 seasonal staff

Sector: Agriculture

Type of Support: Imvaba Cooperative Fund

Value of Support: R385,250

RURAL, ENTERPRISE FINANCE AND BUSINESS SUPPORT

Real impact happens
when we finance
growth where it's
needed most

”

Darwin Zinzile Nkonki
Executive



Highlights

Surplus Growth Financial Disbursements

- R91.7 million** in loans disbursed
- R80 million disbursed to 76 enterprises
 - R11.7 million to fees

Increase from R47 million the previous year

Inclusive Funding

Targeted support for youth and women-owned enterprises

Focused delivery in rural, township, and small-town areas

Job Creation

827 jobs created or retained through Jobs Protection and Stimulation Fund and Imvaba Cooperative Fund

Business Support

Access to blended finance, microloans, and incentives

Non-financial support provided: training, mentorship, business advisory

Localised Economic Development

Enterprise support aimed at building self-sustaining local economies

Strong alignment with national and provincial development goals

UNIT MANDATE AND OBJECTIVES

The unit supports commercially-viable Micro, Small, Medium Enterprises (MSME's) in the Eastern Cape with enterprise development which include financial and non-financial support. These services intend support the viability and sustainability of businesses to stimulate an inclusive local economy and alleviate poverty by retaining and creating sustainable jobs.

OVERVIEW

Development finance and complementary non-financial support instruments remain critical to fostering a thriving small business sector. Experience has shown that well-supported small businesses play a catalytic and transformative socio-economic role—uplifting communities, driving job creation, and generating income.

Often described as the bedrock of the global economy, the small business ecosystem drives innovation, with technology and sector-specific start-ups leading the development of future industries. As such, targeted small business support mechanisms are vital to addressing the current unemployment crisis and revitalising the Eastern Cape economy.

The Corporation's small business support framework is designed to stimulate the sector through both financial and non-financial interventions. These include loan funding, financial incentives, conditional grants, blended finance, training, seminars, and incubation programmes, among others.

Such interventions have become a central pillar in the development of a sustainable and viable small business ecosystem in the province. While further work is needed to realise the full transformative economic impact, the Corporation's programmes have already made meaningful contributions—improving livelihoods, generating revenue for small businesses, creating thousands of jobs, and advancing youth employment, sustainability, and viability. The ECDC's tools are inclusive, providing vital support to women- and youth-owned enterprises.

To this end, the Corporation continues to roll out and enhance enterprise finance and business support programmes aimed at delivering the desired socio-economic returns.

For example, in June 2024, the Corporation launched the R50 million Automotive Operator Blended Finance Scheme, targeting emerging Eastern Cape-based micro, small, and medium-sized automotive component suppliers and aftermarket service providers. The scheme funds fixed infrastructure, equipment, machinery, stock, and critical compliance or operational improvements such as accreditations, growth programmes, and specialised training.

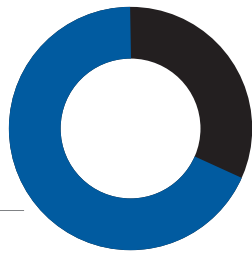
R50 MILLION Automotive Operator Blended Finance Scheme launched in June 2024



Offered on a 70% loan and 30% incentive basis, the scheme is available to individuals or companies that have been operational for at least 12 months and are majority black-owned. Funding ranges from a minimum of R300,000 to a maximum of R1 million.

70/30%
split between loan and incentive

R300K - R1 MILLION
In funding range



This focus aims to bridge current funding gaps experienced by small and medium operators due to limited resources, lack of business history, insufficient collateral, informality in operations, and restricted market access.

The scheme seeks to increase both the number and scale of emerging automotive component suppliers and service providers, with the ambition of growing some into large-scale automotive operations.

During the 2024/25 financial year, the Corporation also rolled out the Agri-Blended Finance Scheme, a joint initiative with the Eastern Cape Rural Development Agency (ECRDA). This scheme supports input costs and production and processing equipment, in line with applicants' business plans.

Eligible expenses include fertilisers, seeds, irrigation, mechanisation, livestock feed, and other operational activities with identifiable income streams. The scheme also provides asset-based finance for tractors, vehicles, agricultural machinery, and other movable assets necessary for operations.

The Agri-Blended Finance Scheme facilitates access to finance for agri-businesses across the agricultural value chain. Given the sector's high-risk nature, traditional lenders are often reluctant to provide funding. This scheme helps de-risk loans, making financing more accessible—especially in a context where most agricultural funding favours established commercial enterprises.

Its goal is to leverage both public and private sector resources to expand support—financial, technical, and advisory—to unlock and strengthen agricultural value chains with a clear commercial focus. Blended finance instruments like this help mitigate credit and financial risks that typically hinder agri-businesses from securing funding.

Among the products supported through this initiative are beef, dairy, poultry, sorghum, cannabis, yellow and white maize, macadamia nuts, and seasonal crops such as spinach and cabbage.

The response to the scheme was overwhelming, with demand far exceeding available funding—highlighting the urgent need for expanded resources.

Fiscal constraints continue to limit the Corporation's ability to extend its reach and maximise development impact. In this demanding service delivery environment, the ECDC must deliver more with fewer resources. While financial support continues to diminish, demand for both financial and non-financial assistance is on the rise. This has prompted a strategic shift towards leveraging partnerships to enhance and extend the Corporation's reach.

While loan funding and financial incentives remain critical, non-financial support plays an equally powerful, complementary role in ensuring the sustainability of the small business sector.

In this regard, the Corporation continues to deliver established business development services that enhance competitiveness, productivity, and viability in an increasingly globalised economy. These services help ensure enterprise fundamentals are in place, building resilience during periods of economic uncertainty.

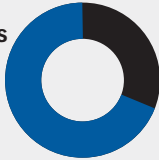
OPERATIONAL PERFORMANCE

In the 2024/25 financial year, the Corporation disbursed R91,7 million in business funding. Of this amount, R80 million was disbursed to 76 small businesses, and R11,7 million went to fees. A loan repayment rate of 86% was achieved during the review period.

R91,7M IN LOANS
R80m disbursed to 76 businesses in 2024/25. R11,7m went to fees.

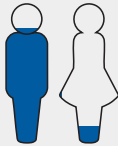
R47 MILLION
disbursed to 96 businesses in 2023/24

86%
loan repayment rate



Of the 76 businesses that received loan funding, 21 were women-owned, accounting for R9,4 million in disbursements, while 16 were youth-owned, accounting for R13,9 million.

55 funded businesses: male-owned
21 funded businesses: women-owned



R13.9 MILLION
disbursed to 16 youth-owned businesses

A total of R10,9 million was disbursed through the Agri-Blended Finance Scheme (ABFS), and R927,304.46 through the Automotive Operator Blended Finance Scheme (AOBFS).

R10,9M
disbursed through ABFS



R927K
disbursed through AOBFS



309 JOBS CREATED

During the review period, enterprise finance facilitated the creation of 309 jobs.

Financial incentives, provided through the Jobs Protection and Stimulation Fund, Imvaba Cooperatives Fund, and the Small Town, Township and Rural Entrepreneurship Support Programme, contributed to the creation of 827 jobs. In total, enterprise finance and financial incentives supported the creation of 1,136 jobs.

A total of 470 businesses received loans and financial incentives, surpassing the target of 380. This overachievement was primarily due to the implementation of the Social Enterprise Replenishable Financial Support Programme, which is delivered through intermediaries. The programme has produced positive outcomes, as evidenced by the high demand for the facility among micro-enterprises, which represent the majority of MSMEs in the Eastern Cape. This programme plays a vital role in addressing the growing need for financial support in the unfunded and unbankable informal sector.

Below is a breakdown of the R80 million disbursed in loans to the 76 small businesses by loan product and sector.

Disbursements by Loan Product

In the 2024/25 financial year:

R28 601 413 (8)
Workflow



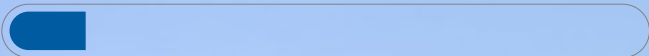
R22 094 698 (46)
Nexus Trade



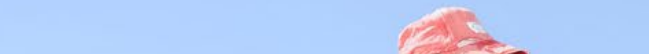
R18 455 769 (11)
Nexus Trade



R10 879 636 (11)
Agri-Blended



R80 031 516 (76)
Total



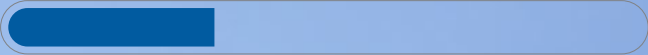
Disbursements by Sector

In the 2024/25 financial year:

R33 313 508 (56)
Services (Supply and delivery)



R29 612 153 (6)
Construction



R10 879 636 (11)
Agriculture



R6 226 219 (3)
Manufacturing



R80 031 516 (76)
Total

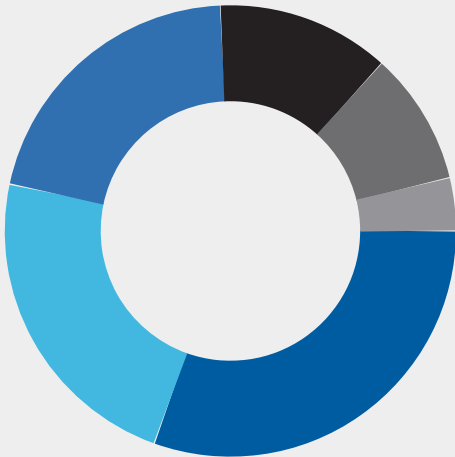


Qoboqobo Essential Oils

Geographic spread of disbursements

A graphic illustration of the R80 million disbursed to 76 businesses by geographic spread.

- Amathole: 30.48% (12 businesses)
- OR Tambo: 22.86% (9 businesses)
- Chris Hani: 20.95% (8 businesses)
- Nelson Mandela Bay: 12.38% (19 businesses)
- Joe Gqabi: 9.52% (4 businesses)
- Sarah Baartman: 3.81% (2 businesses)



R12.8 MILLION
Amathole



R9.6 MILLION
OR Tambo



R8.8 MILLION
Chris Hani



R5.2 MILLION
Nelson Mandela Bay



R4 MILLION
Joe Gqabi



R1.6 MILLION
Sarah Baartman



Post-Investment Support

The ECDC continues to strengthen its post-investment support services. Aftercare is vital for identifying early warning signs that could hinder effective loan recovery. Monitoring the performance of funded businesses enables timely intervention to address challenges threatening their sustainability. This process also helps the ECDC implement corrective actions, early workouts, and debt restructuring initiatives. Regular meetings to track each loan client’s performance are integral to aftercare activities.

CASE STUDIES

 **R1 MILLION**
incentive disbursed

Auto Dynasty
In 2024/25, the ECDC awarded a R1 million incentive to Auto Dynasty, based in Gonubie, East London, under the Automotive Operator Blended Finance Scheme. Of this amount, R300,000 was grant funding. The funds were used to purchase machinery, mechanical equipment, and stock. Founded in 2018 by brothers Kishan Kyle “K-Jay” Metune and Shaquille Miguel Metune, Auto Dynasty began by buying, repairing, and reselling used cars through social media platforms like Facebook, Instagram, and X. Today, Auto Dynasty is a five-star rated seller of second-hand cars, featuring an in-house mechanical workshop.

 **R1.2 MILLION**
loan disbursed

Zazi Clothing
During the review period, the ECDC disbursed a R1,2 million loan to Zazi Clothing, an East London-based manufacturer of high-end traditional isiXhosa garments including imibhaco, doeks, bags, and beads. Owned by Onwaba Mleve, the company also produces corporate wear, PPE, industrial clothing, hospital uniforms, school uniforms, and sportswear. Their production process covers blueprint creation, product design, pattern grading, sample making, approval, and bulk production. The funding was used to scale production and fulfil large order volumes.

JOBS PROTECTION AND STIMULATION FUND

The Jobs Protection and Stimulation Fund is a strategic government initiative aimed at supporting distressed businesses and promoting job creation through financial incentives for job retention and stimulation.

Given the challenging business environment, innovative enterprise support tools are essential to ensure the sustainability of Eastern Cape enterprises. The Fund incentivises businesses to retain and protect jobs at risk within distressed enterprises by disbursing R10,000 for every job saved. To qualify, enterprises must submit relevant financial information supported and verifiable from financial records for review by the ECDC.

Additionally, the Fund promotes job stimulation by providing incentives to formal and informal businesses located in small towns, townships, and rural areas of the province. The ECDC may take into account priority sectors as per the provincial economic development policies and strategies.

OPERATIONAL PERFORMANCE

625
Jobs saved/retained:

199
Businesses supported:

R14,309,535.20
Total disbursed:

R13,208,655.31
From review period:

R1,100,879.89
From prior year approvals:

Demand from small towns, townships, and rural areas increased the number of supported businesses. Of the 625 jobs saved, 322 are held by women, and 234 by youth.

The incentive has been crucial in sustaining businesses and preserving jobs. Supported businesses are also referred to the ECDC’s business support function to identify causes of distress and implement corrective measures.

Jobs Saved by Sector

 **R1,560,981.05**
Agri-manufacturing (49 jobs)

 **R1,314,448.92**
Tourism (69 jobs)

 **R3,364,196.73**
Manufacturing (283 jobs)

 **R3,522,227.06**
Services (82 jobs)

 **R600,000.00**
Construction (60 jobs)

 **R394,128.96**
Green economy (10 jobs)


 **R390,104.00**
Creative industry (7 jobs)

 **R170,000.00**
Petrochemical (17 jobs)

 **R488,882.39**
Automotive (22 jobs)

 **R72,778.72**
Renewable Energy (14 jobs)

 **R500,660.36**
Clothing & Textile (5 jobs)

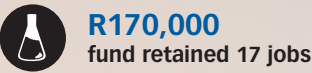
 **R755,469.12**
ICT (7 jobs)

R13,133,877
Total

Jobs Saved by District



CASE STUDIES



BP Stanford
Established in 2019 in Gqeberha, BP Stanford is a family-owned petrochemical business which operates a fuel station. To sustain its workforce and ensure stability, the company received R170,000 from the Jobs Protection and Stimulation Fund to retain 17 jobs. This support has been instrumental in maintaining operations and contributing to local economic development.



Floorflex
With a 70 year history, Floorflex, based in Wilsonia, East London, built its reputation specialising in tile flooring. Now led by Bianca Shakinovsky, an interior design expert, the company has evolved by integrating contemporary design and innovation. In 2024/25, Floorflex secured R1 million from the Fund to save 100 jobs. This funding is vital for sustaining operations and promoting long-term growth and sustainability.

FloorWorx



IMVABA COOPERATIVE FUND

The ECDC manages the Imvaba Cooperative Fund (ICF), which provides conditional grants to cooperative enterprises as part of its rural and enterprise finance program. The fund supports the sustainability of cooperative businesses across the Eastern Cape by developing institutional capacity, productivity, and competitiveness to ensure long-term viability. Additionally, funds are allocated for non-financial initiatives that promote overall growth and development.

The Imvaba Cooperative Fund specifically fosters entrepreneurial development, encourages self-employment, and contributes to poverty alleviation, while enhancing the role of cooperatives in the provincial economy.

Supported sectors include agriculture and agro-processing, manufacturing (timber, textiles, chemicals, automotive, metal processing), retail, services, creative industries (arts and crafts), tourism, the green economy (biofuels and renewable energy), business process outsourcing (telecoms), ICT, film production, textiles, and the oceans economy.

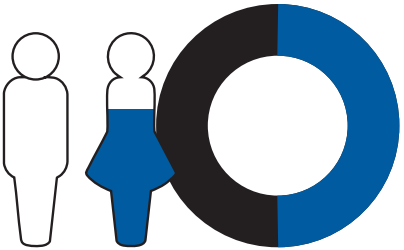
OPERATIONAL PERFORMANCE

In the 2024/25 financial year, R17,58 million was disbursed to 57 cooperatives and enterprising individuals that are part of cooperatives. Of this, R16, 9 million went to cooperatives approved during the review period, while R986,583 was allocated to cooperatives approved in the previous year.

57 cooperatives

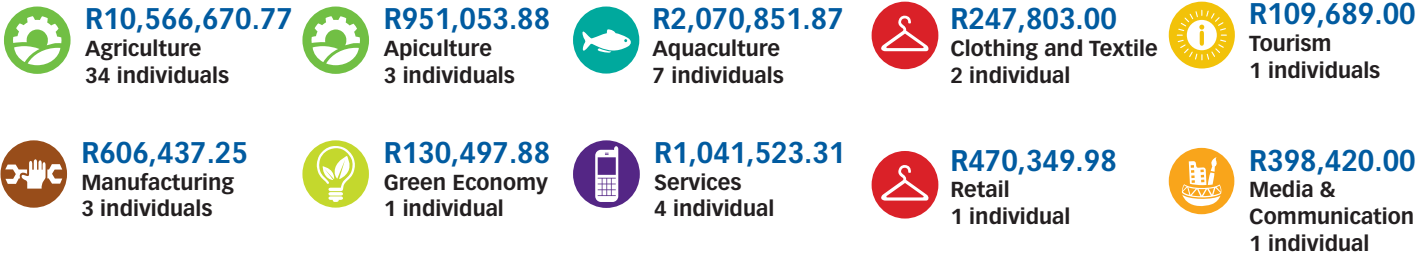
67 youth

102 women



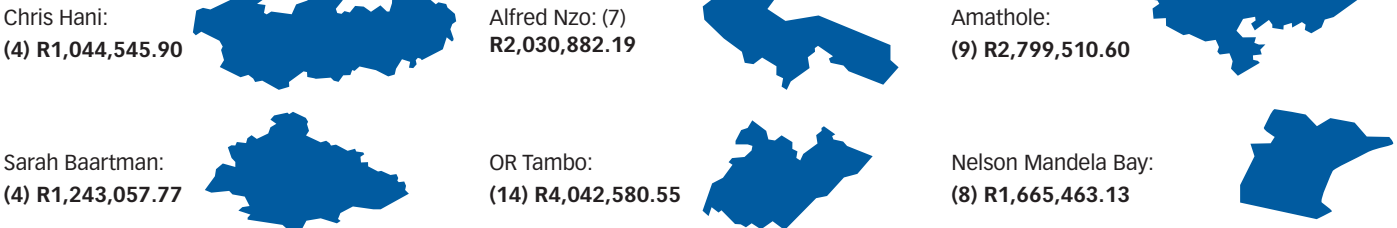
Disbursements by Sector

A total of R17,58 million was disbursed to 57 cooperatives and enterprising individuals across the following sectors:



Geographic Distribution of Disbursements

The R17,58 million was allocated to cooperatives and individuals in these regions:



CASE STUDIES



R499,614
incentive disbursed

Zakhe Youth Development Primary Cooperative

Based in Bikizana Village, Sterkspruit, Zakhe Youth Development Primary Cooperative is 100% black youth and women-owned. In June 2024, they received a R499,614 Imvaba Cooperative Fund incentive to purchase a tractor with implements and shade rolls. Initially cultivating vegetables in home gardens, they formalised their operations by registering a cooperative to commercialise production. With support from the ECDC, they have adopted sustainable farming practices and continue to expand their impact.



R398,420
incentive disbursed

Ma Afrika Phanda Primary Cooperative

Founded in September 2023 by five creatives with diverse media production expertise, Ma Afrika Phanda offers videography, photography, advert creation, and voiceover services. Operating from leased premises in Selborne, East London, the cooperative was initially self-funded for registration, equipment, and setup costs. In 2024/25, they received R398,420 from the Imvaba Cooperative Fund to purchase media production equipment, enabling them to secure more contracts and improve profitability and sustainability.



R2,8 MILLION
incentive disbursed

Tsweleni Rock Lobster Project

The Tsweleni Rock Lobster Project unites seven fishing cooperatives to harness the economic potential of the rock lobster industry while fostering community growth through strategic partnerships, innovative infrastructure, and sustainable practices.

To scale operations and coordinate activities, the cooperatives received a combined R2,8 million incentive from the Imvaba Cooperatives Fund, with each cooperative awarded R400,000. Funding was used for:

- Acquiring a specialised holding facility (valued at R1,7 million) to store and maintain live lobsters before market transport
- Operational support, including stock purchases, salaries, security, electrical upgrades, transport logistics, and fishing permit acquisitions

The seven primary cooperatives benefiting from this incentive are:

Lower Lumphoko, ALZB Industries, Manxokweni Fishing, Nd-luzula Fishing, Rhebu Fishing, Nxonxa Fishing, and Mhadini Fishing Primary Cooperatives.

SOCIAL ENTERPRISE REPLENISHABLE FINANCIAL SUPPORT PROGRAMME

The ECDC has launched the Social Enterprise Replenishable Financial Support Programme to improve access to finance for individuals within communities aiming to start or expand social enterprises. Recognising the traditionally high costs of reaching and funding this target group, the pilot leverages social securitisation as collateral. It utilises existing social equity within community-based structures such as stokvels, non-profit organisations, and similar entities, to enable sustainable financial advances for commercially-viable initiatives identified by implementing partners.

This programme targets community members who typically lack access to funding but aspire to generate income through entrepreneurial activities in services or product sales.

To date, nine social partners have been approved to implement the programme across various districts and sectors, ensuring equitable distribution throughout the province.

OPERATIONAL PERFORMANCE

In the 2024/25 financial year, five social partners collectively supported 196 beneficiaries, disbursing a total of R997,124.72 in microloans to qualifying businesses and enterprising individuals. Of these beneficiaries, 177 were women and 36 were youth.

Two notable beneficiaries supported by the Small Projects Foundation, a partner in Buffalo City Metro, include:

CASE STUDIES

**Sikulule Madondile**

Based in Msintini Village, Buffalo City Metro, 30-year-old Sikulule Madondile turned to crop farming after struggling to find stable employment. In 2024/25, he received support through the Social Enterprise Replenishable Financial Support Programme, enabling him to purchase a chemical sprayer and fertiliser applicator. These improvements helped him secure a purchase agreement with Boxer Super Store and a letter of intent with the Buffalo City Fresh Produce Market. He plans to expand his operations further with ongoing programme support.



R2,000
loan disbursed

Sikelela Laxa

From Newlands (Nxarhuni), Buffalo City Metro, Sikelela Laxa began selling meat products, clothing, and bedding in 2022 after financial constraints halted her education. She received a R2,000 loan from this program in 2024/25, which she used to augment her stock. The loan has enabled her to grow her business and improve skills in record keeping and marketing.

BUSINESS SUPPORT

Non-financial support is fundamental to empowering sustainable small businesses that contribute to inclusive economic growth. The ECDC employs various empowerment tools to enhance the competitiveness, productivity, and viability of Eastern Cape enterprises.

These tools complement financial assistance by providing technical knowledge and skills through seminars, workshops, training, and incubation programmes. Such support ensures effective management of financial resources and aligns local products and services with global standards, thereby enhancing competitiveness.

This approach helps address socio-economic inequities by promoting job creation, revenue growth, and poverty alleviation. It also encourages greater participation by women and youth in the economy.

Crucially, non-financial support improves market access, tackling challenges such as regulatory compliance, limited business expertise, and weak financial management—key factors contributing to small business failure.

The ECDC offers business development services through a demand-driven model, assisting walk-in clients, referrals, and enterprise development programmes. Strategic partnerships extend the reach and impact of these services, reflecting the Corporation’s collaborative approach to resource mobilisation.

OPERATIONAL PERFORMANCE

During the reporting period, 905 businesses received entrepreneurship and business support: 273 businesses accessed direct development services, while 632 enterprises participated in training programmes.

- Direct Business Development Services

In 2024/25, 273 businesses received direct support, surpassing the target of 250.

TRAINING

Fifty training sessions were held, engaging 632 enterprises and 895 individuals. Of those trained, 58% were women and 33% youth. Topics included financial management, business management, corporate governance, and cooperative governance.

BUSINESS SEMINARS

Twenty-six seminars attracted 695 enterprises and 847 attendees, of whom 59% were women and 38% youth. Themes covered women in business, funding opportunities, productivity, compliance, export potential, market access, tendering, cost management, and taxation. One-on-one advisory services were also provided in business planning, mentorship, intellectual property, and financial management.

GEOGRAPHIC SPREAD OF BUSINESS DEVELOPMENT SERVICES

The 273 businesses receiving direct business development services were distributed as follows: Nelson Mandela Bay 109 (40%), Buffalo City 68 (25%), Chris Hani 42 (15%), OR Tambo 30 (11%), Alfred Nzo 15 (6%), Amathole 4 (2%), Joe Gqabi 4 (1%), and Sarah Baartman 1 (0%).

Higher intervention numbers in Nelson Mandela Bay and Buffalo City reflect existing programmes focused on financial management and productivity improvement via Productivity South Africa, and incubation through the CHEMIN partnership. Plans are underway to increase participation from Joe Gqabi and Sarah Baartman districts.

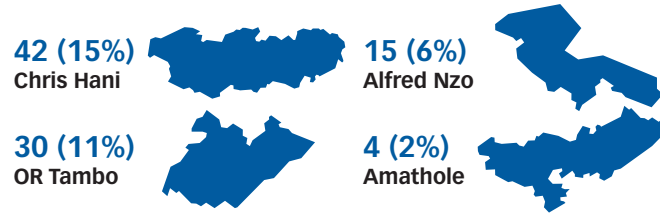
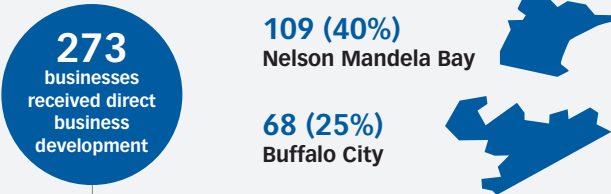
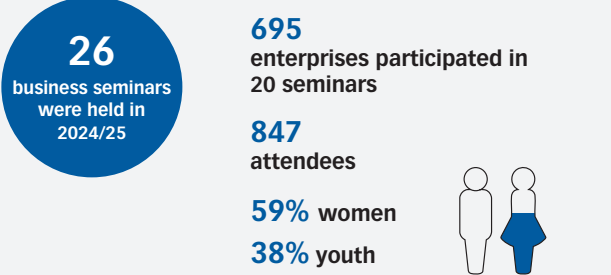
TYPE OF BUSINESS SUPPORT

During the reporting period, the ECDC provided a range of business support interventions, with financial management services emerging as the most prominent, accounting for 31% of all support provided. These services included the provision of accounting software and related advisory support. Weak financial management skills have been identified as a significant barrier to MSME growth in South Africa, often leading to regulatory non-compliance. This intervention is aimed at addressing these challenges.

Financial management support will remain a strategic focus area for the ECDC in the 2025/26 financial year. These efforts not only enhance business sustainability but also improve compliance with key institutions such as the South African Revenue Service (SARS).

Other key services delivered during the period included mentorship (20%), marketing support (21%), and business intelligence services (8%).

The latter encompasses the development of business plans, feasibility studies, and other technical assessments to inform strategic decision-making.



TYPE OF BUSINESS SUPPORT, GENDER AND AGE SPREAD

NATURE OF SUPPORT

31% 85 Financial Management

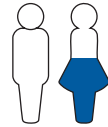
16% 44 Business Incubation

21% 57 Marketing Support

20% 54 Mentorship

8% 23 Business Intelligence

4% 10 Productivity Improvement



137 (50%) Females

136 (50%) Males

79 (29%) Youth-owned businesses

During the period under review, 50% of the supported enterprises were women-owned—exceeding the target of at least 40%. In line with the ECDC’s commitment to inclusive growth, support for women-owned businesses remains a key priority. The ECDC will continue to intensify efforts to surpass this target.

Youth-owned enterprises accounted for 29% of those supported during the year. Providing business development services to young entrepreneurs remains a strategic priority, with sustained efforts across all activities to empower and support youth participation in the economy.

SECTOR SPREAD

In the 2024/25 financial year, the majority (50%) of supported MSMEs operated in the services sector, reflecting the sector’s significant role in the provincial economy. The manufacturing sector accounted for 29% of supported enterprises, a positive trend given the sector’s strong potential for job creation.

SECTOR SPREAD

50% Services 136 businesses

29% Manufacturing 78 businesses

8% Agriculture 21 businesses

1% Agro-processing 1 businesses

2% Creative 4 businesses

5% ICT 13 businesses

3% Construction 9 businesses

0% Automotive 1 businesses

2% Tourism 6 businesses

0% Clothing & Textile 1 businesses

0% Mining 1 business

0% Green Economy 1 business

0% Engineering 1 businesses

SMALL TOWNS, TOWNSHIP, AND RURAL ENTERPRISE PROGRAMME (STTREP)

In the 2024/25 financial year, a total of 188 beneficiaries received STTREP incentives amounting to R10,019,568. This equates to an average incentive of R53,295 per beneficiary.

STTREP APPROVALS BY REGION

In terms of geographic distribution of the MSMEs supported, most beneficiaries came from Alfred Nzo (46), BCM (36), NMBM (31), Chris Hani (32) and OR Tambo (20). The Amathole had 18 beneficiaries, Sarah Baartman 3 and Joe Gqabi 2.

32 R2,2M Chris Hani

36 R2,6M Buffalo City Metro

20 R1,4M OR Tambo

2 150K Joe Gqabi

31 R1,55M Nelson Mandela Metro

18 R1,25M Amathole

46 R750K Alfred Nzo

3 R200K Sarah Baartman

Of the enterprises supported during the year, 48% were female-owned enterprises, whilst 32%, were youth-owned.

CASE STUDIES

R28,175 in STTREP support per participant

Ikasi Delivery

Kasi Delivery, a township-based delivery enterprise, is one of the initiatives supported through the STTREP programme. In August 2024, ten unemployed youth were each equipped with motorbikes and accessories to launch their own delivery businesses. Within just three months, the initiative facilitated 4,200 delivery trips, generating an income of R92,211.

Building on this momentum, the programme was extended to an additional ten youth entrepreneurs during the fourth quarter of the review period. STTREP funding covered the initial investment for motorbikes, helmets, and branded delivery boxes, valued at R28,175 per participant. The initiative continues to foster township entrepreneurship while improving access to delivery services.

Kasi Delivery drivers now operate in 12 township areas across Gqeberha, including Zwide, KwaZakhele, Motherwell, and Coega. They serve national franchises such as KFC, McDonald’s, Debonairs, and Spar, as well as an expanding network of township-based food vendors. To date, the service has facilitated over R658,000 in consumer-to-business transactions, strengthening local township economies.

QUALITY MANAGEMENT PROGRAMME

During the 2024/25 financial year, a Quality Management Programme was introduced to enhance operational efficiency and customer relations for supported enterprises. A total of 24 small businesses participated, focusing on establishing, implementing, and maintaining systems aligned with the ISO 9001:2015 Quality Management Standard.

By year-end, 12 businesses had achieved 80% completion of the programme, with the remaining milestone being external audit and certification by the South African Bureau of Standards (SABS). The other participants faced challenges including contract losses, relocations, and financial constraints. Completion of the programme is anticipated in the first quarter of the 2025/26 financial year.

R131,593 in STTREP support

Mangaliso Farms

Chuma Mneno, a young emerging farmer and owner of Mangaliso Farms in Buffalo City Metro, operates a 220-hectare beef and crop farm. Through STTREP support valued at R131,593, he acquired a cattle trailer and fuel tanks to enhance his livestock trading operations, resulting in a direct reduction in plant hire costs.

Following this intervention, the business experienced significant growth—creating four new jobs and increasing annual turnover from R300,000 to R1,5 million. Mangaliso Farms has since registered as a VAT vendor, showcasing the catalytic potential of targeted support provided through STTREP.



Quality Management Programme

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Productivity Improvement Programme

In partnership with Productivity SA, the ECDC launched a Productivity Improvement Programme in August 2024 to enhance the efficiency and competitiveness of Eastern Cape MSMEs. Programme components included:

- Kaizen Programme (targeting manufacturing, automotive, and leather sectors)
- Business Turnaround and Recovery Programme
- Productivity Awareness Programme

The Productivity Awareness sessions were attended by 145 enterprises—significantly exceeding the target of 85. Nine of the targeted 10 enterprises successfully completed the Kaizen Programme, which supports productivity through structured audits and technical interventions. Five enterprises have been enrolled in the Business Turnaround Programme, a six-month initiative.

145
enterprises attended the Productivity Awareness sessions

9/10
f the targeted 10 enterprises successfully completed the Kaizen Programme

BUSINESS INCUBATION PROGRAMMES

CHEMIN Incubation Programme

The ECDC continued its support of the CHEMIN business incubator, focused on the chemical manufacturing sector. This initiative supports product development, testing, and enterprise growth. In the 2024/25 financial year, 55 enterprises were incubated, generating a combined income of R1,482,276.74 and creating 55 direct jobs. Case studies

Periwinkle Home Executives

Based in Gqeberha, this female-owned business joined CHEMIN in 2022 as a detergent manufacturer. Within six months, it began generating monthly revenues of R50,000–R60,000 and now employs two people. The business has since expanded to offer temporary residential cleaning services.

Epiphany Enterprise

A youth- and male-owned enterprise based in Mthatha, Epiphany Enterprise was established in 2021 and manufactures and distributes cleaning detergents, with an added fumigation service. Owner Siphamandla Mthintitwa secured funding of R247,488.74 from the SEDA Asset Assist Programme to acquire additional cleaning equipment and support business expansion.

Buffalo City iHub

The Buffalo City Incubation Hub continued to support emerging enterprises in the ICT sector during the 2024/25 financial year. Eight MSMEs benefited from incubation services including access to infrastructure and sector insights. The intervention led to the creation of eight jobs and combined turnover of R323,448. Connectivity issues at the Duncan Village Business Centre and Gompo Hall affected operations, prompting the relocation of the hub to a new facility within Duncan Village. The iHub is a collaborative effort between ECDC, Buffalo City Metro, Telkom, and the Nelson Mandela Bay iHub.

Automotive Aftermarket Support

In the fourth quarter of the 2024/25 financial year, the ECDC launched a mechanics support programme in partnership with merSETA. The programme aims to assist 150 informal mechanics across the province in attaining their trade tests, enabling them to formalise and grow their businesses.

By financial year-end, 40 mechanics in Buffalo City Metro had completed gap assessments and were enrolled in targeted training. Programme implementation is being expanded across the province, with clusters in Buffalo City, Mthatha, and Gqeberha. The latter two are scheduled for launch in the first quarter of 2025/26.

Social Enterprise Replenishable Financial Support Programme (SERFSP)

The SERFSP, implemented through intermediary organisations, provides microloans to individuals linked to community-based structures. These intermediaries leverage existing community collateral to support informal and MSME sector entrepreneurs through repayable financial assistance.

By the end of 2024/25, nine social partners—ranging from church and non-profit organisations to farmers’ associations and women’s cooperatives—were approved to implement the programme. These partners are strategically distributed across the province, ensuring equitable access and impact.

Zazi Clothing

| | |
|-------------------|---------------------------------|
| Location: | East London |
| Product: | Premium Xhosa-Inspired Garments |
| Market: | National |
| Employees: | 50 permanent staff |
| Sector: | Manufacturing |
| Type of Support: | Term Loan |
| Value of Support: | R1.244 million |



INVESTMENT MANAGEMENT, TRADE AND INVESTMENT PROMOTION

Attracting investment and opening new markets are keys to unlocking Eastern Cape's economic potential.

”

Khaya Zonke
Chief Investment Officer



Highlights

Investment Facilitation

R2.76 billion in investments facilitated against R350 million target

Major renewable energy project driving job creation and skills transfer

Export Growth

R220.8 million in exports facilitated, exceeding R200 million target

Export sectors include red meat, livestock, specialty foods

Job Creation

2,757 jobs created, surpassing annual target of 640

Film Industry Support

R6.9 million invested in 8 film/TV productions

950 temporary jobs created, including cast, crew, and extras

Export Readiness

198 enterprises trained in export readiness and trade skills

Investor Aftercare

Strong support for investor retention, expansion, and new market development

UNIT MANDATE

The ECDC mandate promotes the Eastern Cape as an attractive destination for foreign direct investment (FDI) and local direct investment (LDI). In addition, the unit facilitates support for Eastern Cape enterprises that export goods and services to domestic and international markets to increase the province's share of exports. Furthermore, the ECDC was appointed as the fund manager for the Eastern Cape Economic Development Fund (EDF), which seeks to facilitate inclusive growth, industrial development, and other developmental outcomes by investing in projects and ventures that are commercially sound, stimulate economic growth, support entrepreneurship, and create sustainable employment opportunities. The Investment Management, Trade and Investment Promotion (IMTIP) unit is tasked with delivering on these imperatives.

Operational Performance

The Eastern Cape Development Corporation continues to support activities aimed at positioning the province as an attractive investment and trade destination. The investment and trade environment is experiencing a steady recovery following the COVID-19 pandemic, which resulted in widespread economic losses and slowed global and regional economies. The Eastern Cape economy was not spared, with significant harm inflicted on the investment environment. However, there is a resurgence of foreign and domestic investment in the province, evidenced by the number and value of investment declarations announced at the 2022 and 2023 editions of the Eastern Cape Investment Conference.

Collectively, a total of R173 billion in investment commitments were declared at the two conference editions. Many of these investment declarations are now being actualised, creating a substantial number of jobs for the Eastern Cape economy. These investments are creating valuable opportunities for the establishment of downstream industries, which also have a positive impact on job creation and skills transfer, among other benefits.

During the period under review, the ECDC facilitated investments of R2,76 billion against a target of R350 million. The strong performance is partly attributable to significant investment from the successful facilitation of a major windfarm project. This project generated a higher-than-anticipated number of jobs through its extensive construction and operational phases, contributing considerably to overall job creation figures. The scale and impact of this renewable energy investment exceeded initial expectations, highlighting the importance of strategic, high-impact projects in driving meaningful employment outcomes and underscoring the potential for similar initiatives.

In the 2024/25 financial year, the ECDC facilitated R220,8 million in exports against a target of R200 million. The target was slightly exceeded due to export growth in the red meat, livestock, and specialty foods sectors. The Export Development Programme effectively created trade opportunities and strategic partnerships.

Twelve sectoral catalytic investment projects were supported, and the ECDC facilitated the creation of 2,757 jobs, exceeding the annual target of 640 jobs. This was due to intensified trade and investment efforts resulting in solid job creation outcomes.

A total of 198 enterprises were trained on trade and export readiness, driven by strong demand from businesses for trade and export readiness support, as well as effective outreach and coordination by the Export Development Programme.

INVESTMENT 2024/25 Target

R350 million
investments target

2024/25 Outcome

R2,76 billion
facilitated investments

Due to substantial
investments in
windfarming

EXPORTS

2024/25 Target

R200 million
export target

2024/25 Outcome

R220,8 million
export value

JOB CREATION

2024/25 Target

640
job target

2024/25 Outcome

2 757
jobs created

FILM INVESTMENT

R6,9 million
investment by ECDC
into EC film industry

896 jobs
created by the
investment



INVESTMENT PROMOTION

In the 2024/25 financial year, the ECDC focused its efforts on developing a quality pipeline of investors while maintaining and improving support for existing ones. The ultimate objective of these investor attraction efforts is to inject buoyancy into the Eastern Cape economy while facilitating the creation of sustainable jobs—particularly youth job creation—skills development, and sustainable livelihoods.

This should be achieved by developing a compelling value proposition and competitive advantages that lay the foundation for a sound business and investment case for the investor community. Provincial investment promotion efforts should be underpinned by a commitment to safeguarding investor interests while ensuring the envisaged economic benefits provide long-term socio-economic value for the communities they invest in.

The Corporation continues to engage in promotional campaigns and advocacy activities which extol the province's unique selling points. This is done cognisant of the need to retain existing investments through an effective aftercare philosophy. Through these aftercare activities, the ECDC ensures that existing investors receive the support they need to thrive. The aftercare service also supports the expansion efforts of existing investors, which come with the creation of new jobs and small business activity. The ultimate objective is to showcase the province's investment potential in targeted high-growth sectors with the aim of creating an investor-friendly environment while contributing to sustainable growth and reducing unemployment.

In this regard, the 2024/25 financial year was characterised by global uncertainties ranging from the ongoing Russia-Ukraine war, the Donald Trump re-election campaign which further heightened risks to investors, and South Africa-specific issues. However, contributions from the automotive sector, renewable energy, and film projects cushioned the ECDC's investment promotion performance during the year under review.

Through the Eastern Cape Film Fund, the ECDC invested R6,9 million in eight film and television productions, leveraging a total investment value of R90,1 million. These productions contributed to job creation, skills development, and the development of Micro, Small, and Medium Enterprises (MSMEs). The funded projects created a total of 950 temporary jobs, including cast, crew, and extras. Gqeberha: The Empire Season 2 emerged as the largest contributor, with 842 jobs created, while other productions created between 14 and 40 jobs.

During the production phase of these projects, a total of 173 MSMEs provided support services, including but not limited to catering, accommodation, warehouses, storage facilities, transport, security, mobile ablution facilities, set construction, costume design, laundry services, and technical support. The significant contribution made by Gqeberha: The Empire demonstrates the importance of long-format productions in the province. Long-term productions provide consistent and sustainable employment opportunities. Gqeberha: The Empire completed production in October 2024, and the last episode aired on 10 January 2025.

The Cortex Hub, trading as the Eastern Cape Film Hub, in collaboration with the ECDC and the Eastern Cape Provincial Arts and Culture Council (ECPACC), rolled out the 48 Hour Film Project. This project attracted 83 emerging filmmakers who produced 13 short films within 48 hours. The goal is to establish a program called "Short Film to Feature Film" in the Eastern Cape, where producers enroll in a mentorship programme to convert their short films into feature films.

Moreover, these films will be pitched to funders, distributors, channels, and streaming platforms during film markets and festivals to secure additional funding for full-length productions.

ECONOMIC DEVELOPMENT FUND

The core mandate of the fund is to position the province as a competitive investment destination. The aim is to invest in initiatives, programmes, projects, and ventures that are developmental and commercially sound, stimulate economic growth and equitable development, support entrepreneurship, and create sustainable employment opportunities. The fund discharges its mandate through specific fund products designed to respond to identified developmental and commercial objectives. These constituent instruments (sub-funds) have sub-mandates that respond to the unique needs of targeted beneficiaries or industries.

The Eastern Cape Economic Development Fund focuses on ventures in:

- Loans and/or blended finance for commercially grounded enterprising ventures, particularly by MSMEs and the informal business sector
- Project development costs relating to large-scale economic development initiatives, industry value chain development catalytic ventures, high-potential job creation, and/or innovation-oriented commercial ventures
- Seed funding and partnership development linked to resource leveraging for identified Eastern Cape priority sectors and catalytic economic development projects
- Structured loans and/or equity finance for large-scale projects and/or enterprising ventures focused on priority sector and industry activation
- De-risking and/or financing partnerships for strategic economic infrastructure with an identifiable economic dividend and/or commercial return

The fund was allocated R100 million in the 2023/24 financial year, and a further R30 million in 2024/25. Of the R130 million allocation over the two-year period, R99,7 million was approved for disbursement, and a further R25 million is funding under consideration.

R100 MILLION
allocated to the fund in the 2023/24 financial year

R30 MILLION
allocated to the fund in the 2024/25 financial year

R99 MILLION
approved for disbursement

Funded programmes include R20 million for the MSME Loans Guarantee Scheme, which provides loans for small businesses through partnerships with financial institutions; R8,48 million to fund the purchase of an equity stake in Chicory South Africa; and R10 million for the Small Town, Township, and Rural Entrepreneurship Support Programme.

Further support of R5 million was approved as microfinance for Social Enterprise Replenishable Financial Support; R15 million for the Automotive Operator Blended Finance Scheme; R14 million to the East London Industrial Development Zone Manufacturing Incubator; and R17 million to the Youth Job Creation programme, which assists in graduate and artisan development and placement, self-employment, as well as digital enabling technologies. These funding approvals are anticipated to leverage R117 million in additional investment.



Minqweno Yethu

Maseko

Location: Mkhubiso Village, Keiskammahoek

Product: Vegetable Production

Market: Retailers & Fresh Produce Markets

Employees: 25 permanent staff

Sector: Agriculture

Type of Support: Small Towns and Township

Rural Entrepreneurship Support Programme

Value of Support: R150,000



TRADE AND EXPORT PROMOTION ACTIVITIES

The ECDC continues to support the productivity and global competitiveness of local suppliers as they seek to enter the export market. This important undertaking requires the preparation of local businesses for the rigours of the global marketplace and is critical to expanding Eastern Cape businesses and securing new markets.

The objective is to create market access for local businesses demonstrating export potential for their goods and services. The ECDC seeks to boost Eastern Cape exports to the African continent and create new opportunities in markets such as the Middle East, the United States, and the European Union. Notably, the Middle East is the fastest-growing market in the Eastern Cape for fast-moving

consumer goods and agricultural products. Given that the Eastern Cape is the largest producer of livestock and agricultural products in South Africa, it recognises the Middle East as a strategic market for this sector.

One of the tools used by the ECDC to promote trade and investment in the province is international trade and investment missions and exhibitions. Every year, the ECDC plans and undertakes trade and investment missions to various overseas markets.

These missions and exhibitions are important for local companies to showcase their products and services to a targeted audience of potential buyers and relevant stakeholders. These events provide an excellent platform for fostering business relationships and market growth.

EXPORT PROMOTION

Export promotion involves various initiatives, including the Export Incentives Program and the Export Marketing Assistance Scheme. These programs aim to equip exporters and potential exporters with the knowledge and skills to take advantage of new and increasingly complex export opportunities.

During the 2024/25 period, two businesses were supported through the Export Incentives Program. Their specific needs varied, encompassing essential elements such as product registration with relevant international regulatory bodies, compliance with international packaging and labelling standards, and arranging specialised shipping solutions tailored for export orders. Additionally, these businesses required international nutritional analyses and product certification to ensure their offerings met global quality and safety standards.

The Export Incentives Program is tailored to assist small and medium-sized enterprises in overcoming non-tariff barriers to market entry, including but not limited to cultural nuances, regulatory compliance, product safety protocols, intellectual property considerations, logistical challenges, and financial constraints.

During the review period, a total of 277 businesses benefited from the Export Marketing Assistance Scheme. This initiative enabled their participation in local and global trade exhibitions across markets including Kenya, Italy, China, the United States, Belgium, and the United Kingdom. The focus areas encompassed critical sectors such as agribusiness and agro-processing, electrotechnology and ICT, food and beverages, and the creative industries, among others.

277
benefited from the Export Marketing Assistance Scheme



The support provided by the Corporation not only allowed these businesses to effectively showcase their products and services to a diverse international audience but also enabled them to expand their market reach and establish invaluable connections with potential customers, distributors, and business partners across various sectors.

The Export Marketing Assistance Scheme plays an essential role in enhancing the visibility and marketability of products and services offered by small businesses, locally and internationally. It achieves this by providing export-ready firms from the Eastern Cape with opportunities to engage in national and international trade fairs, exhibitions, and small business expos, ultimately driving their growth and competitive edge.

The program’s influence is demonstrated by the increase in the rand value of exports to R220,8 million. This growth highlights the program’s effectiveness in enhancing trade and driving economic progress. In August 2024, the Corporation organised the 6th Eastern Cape Export Symposium, an important two-day event held in East London. This symposium brought together delegates from key sectors such as agriculture, food and beverages, manufacturing, automotive, transport and logistics, information and communications technology (ICT), and finance. During the event, various deals, sales, and orders to the value of R45,9 million were finalised.

The symposium featured a comprehensive agenda, including a two-day conference, an exhibition, and matchmaking meetings that connected global trade stakeholders. Participants included representatives from government departments, industry leaders, local and international business chambers, and global organisations focused on trade and development.

Creative Industry

A total of 159 crafters received market access, product and business development support in the period under review. Craft collection shop sales were R310,847 for the 2024/25 financial year.

The export symposium serves as a crucial platform for showcasing the Eastern Cape’s export potential to a diverse audience of local, national, regional, and international trade representatives. It enables exporters from the Eastern Cape to access vital information regarding export opportunities, as well as updates on available support resources and incentives that facilitate international trade.

Key objectives of the symposium include developing new markets and partnerships by tapping into the Eastern Cape’s untapped export potential. By gathering trade representatives in one venue, the event fosters meaningful relationships, encourages the sharing of best practices, and highlights the region’s export capabilities. Additionally, it provides local exporters with timely analyses and updates on resources and incentives, aiding the establishment and nurturing of trade relationships with both new and existing partners.

EXPORT DEVELOPMENT PROGRAM

In the 2024/25 financial year, the ECDC successfully trained 240 businesses through its Export Development Program. This initiative plays a crucial role in enhancing the sustainability and competitiveness of emerging exporters while equipping them to navigate the complexities of the export environment. The substantial participation underscores a growing interest among local entrepreneurs in exploring export opportunities to broaden their business horizons.

The Export Development Program covers critical subjects essential for success in international trade, including export financing strategies, detailed operational procedures, quality control standards tailored for global markets, and advanced contract negotiation techniques. Additionally, participants benefit from personalised mentorship, connecting them with seasoned exporters who provide invaluable strategic insights and real-world guidance. This mentorship component is instrumental in assisting emerging exporters in crafting, developing, and executing targeted international marketing strategies, thereby bolstering their readiness to penetrate and succeed in competitive export markets.

Furthermore, the Export Development Program aims to enhance the export capabilities of exporters within the province by enabling them to capitalise on increasingly complex and diverse export opportunities while simultaneously minimizing uncertainties surrounding the export process. This strategic focus is designed to ensure that participants are fully equipped with the requisite knowledge, skills, and resources to thrive in the dynamic landscape of global commerce.

159 CRAFTERS
were given market access by ECDC

R310, 847
Craft Shop sales for the year under review



Zazi Clothing

ECONOMIC DEVELOPMENT COORDINATION AND SECTOR SUPPORT

Driving collaboration and innovation to build a resilient Eastern Cape economy.

”

Nangamso Matebese
Executive



Highlights

Industrial Parks Revitalisation

Infrastructure upgrades underway at key parks including Fort Jackson and Dimbaza

Secured international investor interest for biofuels refinery

District Partnerships

Strengthened collaboration with District Development Agencies

Supported fresh produce packhouse projects and agro-industrial development

Manufacturing & Agro-Industry

Tooling cluster training: 12 students completed practical courses

Leveraged R27 million for agro-processing route-to-market initiatives

Digital & Inclusive Growth

Launched integrated digital platform pilot for smallholder farmers in OR Tambo

Advanced maritime sector support and lobster export initiatives

Green Industrialisation & Skills

Supported 20 MSMEs to complete business management qualifications

Participated in renewable energy innovation roadshows

Strong Operational Results

Supported 15 catalytic projects, exceeding annual target

Leveraged over R78 million for economic development projects

UNIT MANDATE

The Economic Development Coordination and Sector Support (ED-C&SS) Unit is mandated to position the Eastern Cape Development Corporation (ECDC) as the lead economic development agency in the province. This is achieved through the planning, financing, execution, and implementation of economic development projects and related infrastructure.

The unit actively cultivates partnerships with public entities, industry associations, the private sector, and social agencies to optimise resource allocation and leverage funding for economic impact.

KEY ECONOMIC DEVELOPMENT INITIATIVES

Industrial Parks Programme

In the 2024/25 financial year, the ECDC made substantial progress in revitalising industrial parks across the province:

Dimbaza Industrial Park:

The Corporation concluded a Right-of-First Refusal agreement with an international investor for a biofuels refinery. The investor has entered the funding mobilisation and due diligence phase.

Infrastructure upgrades commenced on four sites, including Site 3, earmarked as a Rapid Prototype Facility in partnership with the Non-Automotive Manufacturing (NAM) Cluster. Phase 1 is 25% complete, with anticipated completion by June 2025. Six potential operators have expressed interest.

Other Parks:

Interest from national logistics firms in Vulindlela Heights and Butterworth, and renewed engagement with an international Fast Movable Consumer Goods (FMCG) firm evaluating the former SAB site, signify growing investor confidence.

Funding applications submitted to Infrastructure South Africa (ISA) and the Department of Trade and Industry and Competition (DTIC) aim to support bulk infrastructure and park upgrades.

Strategic collaboration with the University of South Africa's (UNISA) Innovation Unit will support the repositioning of the Fort Jackson Industrial Park as a hub for inclusive innovation in Mdantsane.

District Collaboration and Local Economic Development

The unit formalised partnerships with all District Development Agencies (DDAs), except with the Joe Gqabi Economic Development AgencyJoGEDA, where MoU discussions are ongoing. Coordination through the Public Entities Collaboration Forum and local Economic Development (LED) forums has enhanced planning, funding alignment, and programme delivery.

KEY INITIATIVES INCLUDE:



OR Tambo District:

Partnered with the Ntinga OR Tambo Development Agency to develop the district's fresh produce industry.

Completed a business plan for the Kei Fresh Produce Packhouse project which requires a R15,4 million investment. The ECDC contributed R2 million to initiate construction in the 2025/26 financial year.



Alfred Nzo District:

In collaboration with Alfred Ndzo Development Agency (ANDA), procurement is underway for a packhouse business plan to support agro-industrial development. Two trade fairs were hosted in the district, and will continue in the new financial year.

East London Industrial Development Zone (ELIDZ) Partnership:

Supported MIGSEA Futures in securing a R10,5 million DTIC Aquaculture Development and Enhancement Programme (ADEP) grant, advancing aquaculture development.

Land Access and Aquaculture:

Through a partnership with Merensky, land access was secured for aquaculture, beekeeping, and timber initiatives.

Education and Infrastructure:

An MoU with the King Sabatha Dalindyebo Technical Vocational Education and Training (TVET) College will support infrastructure renovations to enhance vocational training.

Municipal-Level Projects:

Progress is being made at agro hubs in Elundini, the Butterworth Industrial Park is being revitalised, and the development of the Somerset Industrial Park has been initiated in partnership with the Cacadu Development Agency.

SECTOR SUPPORT PROGRAMMES

Manufacturing Sector

In the manufacturing sector, the ECDC implemented industrial cluster programmes in the tooling cluster (Production Technologies South Africa -PtSA), automotive industry cluster (Eastern Cape Automotive Industry Forum -ECAIF), and Non-Automotive Cluster (NAM) cluster under DEDEAT's guidance. The PtSA successfully continued tool-maker training, with 12 students completing practical coursework and seven completing on-the-job training by the fourth quarter of the year. The tool makers will graduate in the new financial year, contributing to critical scarce skills required for the localisation programme.

New EXCO appointments have strengthened the ECAIF, aligning leadership with sectoral imperatives. In shaping the direction of the cluster, strategic regional roundtable discussions in the BCMM and NMBM areas brought together 64 key stakeholders from across the automotive value chain, providing inputs on challenges and opportunities for the cluster and the industry. Secondly, 36 participants were enrolled in the Team Leader Development Programme (TLDP OOD), strengthening leadership capabilities across member organisations. This directly responds to the need for middle management and shopfloor leadership in the province's manufacturing economy. This was finalised with the launch of the Origin8 programme aimed at on boarding MSMEs into the value chain. The programme will be implemented from 2025-26 financial year with a target of 10 enterprises to supported over an 18-month programme.

[The localisation strategy was further sharpened through a detailed research report highlighting import substitution and export readiness for local suppliers.](#)

Agro-Industry Support

In the agro-industry, the ECDC played a pivotal role in channelling resources and technical support towards various sub-sector initiatives ranging from project packaging for value chain development, implementation for some projects through the Agro-processing Route to Market grant fund, while leveraging funding and resources from relevant industry/sector partners. During the 2024/25 financial year, R27 million was leveraged through the Agro-Processing Route-to-Market Programme budget of R9,5million, targeting key sub-sectors including citrus, mohair and fresh produce.

R27 MILLION

was leveraged through the Agro-Processing Route-to-Market Programme budget of R9,5million



HIGHLIGHTS INCLUDE:

Feasibility studies for two citrus projects were finalised with only the Gamtoos Valley Citrus Packhouse being deemed viable with a projected R65 million investment requirement. This will be followed up in the new year with bankable business plan development and further funding mobilisation for implementation.

In the red meat industry, a professional service provider has been appointed to complete the Mqumashe Abattoir business plan and operator model. Interest in Halaal-certified facilities is growing.

A comprehensive suite of projects supporting retail penetration, grain cluster infrastructure, and technology-based innovations for the sector is underway.

DIGITAL AND INCLUSIVE ECONOMIC PARTICIPATION

Furthermore, during the 2024/25 financial year, the ECDC advanced its multi-sector support agenda with targeted interventions designed to drive digital transformation, stimulate inclusive economic participation, and catalyse sectoral growth across key priority industries.

In response to the persistent disconnect between smallholder producers and market opportunities, the ECDC appointed a specialist ICT operator to design and implement an integrated digital platform. This innovation is set to serve as a central meeting point for producers, buyers, and processors of agricultural goods -enabling improved access to markets for smallholder farmers. The platform targets value chains in animal fibres, veterinary services, livestock, and vegetables. The initial pilot will be implemented in the OR Tambo District, with plans for a province-wide rollout by the end of the next financial year.

OCEANS ECONOMY DEVELOPMENT

The ECDC facilitated high-level engagements with the Buffalo City and Nelson Mandela Bay maritime chambers. Expected outcomes include formal MoAs focusing on:

- Enhancing port efficiency
- Increasing MSME participation in maritime sectors

Additionally, support was extended to the Tsweleni Lobster Facility, operated by seven Imvaba funded cooperatives. The facility will become a licensed Wild Coast Lobster hub, enabling aggregation and cold-chain market readiness for live and frozen lobster exports.

TOURISM SECTOR DEVELOPMENT

[In support of the tourism industry, the ECDC commissioned and concluded the first socio-economic impact assessment of the annual sardine run in the province. The initiative, conducted in collaboration with the Tour Operators' Association, has produced a draft report that will undergo stakeholder validation in the first quarter of the new financial year. This work lays a foundation for structured tourism product development and investment mobilisation around the sardine run as a globally unique natural event.](#)

GREEN INDUSTRIALISATION AND SKILLS DEVELOPMENT

The ECDC participated in the Green Hydrogen and PtX Roadshow in Gqeberha (Feb 2025), affirming government's enabling role in renewable energy innovation.

[Through a partnership with the Stellenbosch University Business School and the Border-Kei Chamber of Business, 20 MSMEs completed a nine-month NQF Level 6 qualification in Business Management and Entrepreneurship.](#)



OPERATIONAL PERFORMANCE

During the 2024/25 financial year, the programme delivered strong operational outcomes, successfully exceeding all three planned targets for the 2024/25 financial year.

The Corporation identified and supported 15 catalytic economic development projects, surpassing the annual target of 14. This achievement reflects the unit’s proactive approach to driving impactful initiatives that stimulate economic growth and job creation within the province.

In terms of funding leveraged, the unit demonstrated exemplary performance by raising a total of R78,392,079.33 for economic development initiatives, exceeding the annual target of R60 million by 30.65%.

The ECDC also met and surpassed its target for major project feasibility studies. It successfully completed feasibility assessments for projects with a minimum individual value of R10 million, reinforcing its commitment to rigorous due diligence and ensuring that supported projects are viable and have a strong potential for economic impact.

Overall, operational performance during 2024/25 reflects a robust capacity to mobilise resources, identify strategic projects, and support their advancement thereby contributing significantly to the province’s broader economic development agenda.

FUTURE OUTLOOK

The Eastern Cape Development Corporation recognises the urgent need to strengthen its role as the province’s lead economic development agency. Over the medium term, the Corporation will prioritise developing comprehensive economic master plans for key sectors and establishing a credible project pipeline that is ready for commercialisation.

Building on its mandate, the ECDC will focus on coordinating economic planning, facilitating partnerships, and driving the implementation of strategic initiatives that unlock investment and sustainable growth. Central to this approach is the commitment to fostering relationships based on development value, mutual respect, and trust with all partners.

To realise these goals, the Corporation will invest in capacitating its internal capabilities to generate significant business opportunities and deliver impactful economic programmes. This renewed focus aims to position the ECDC as a credible and commercially capable institution, effectively advancing the province’s economic development priorities over the medium term.

Postnet Butterworth

- Location: Butterworth
- Service: Courier & digital services
- Market: General public, businesses
- Type of Support: Business support
- Employees: 9
- Sector: Services



PROPERTIES AND FACILITIES MANAGEMENT SERVICES

Our properties are more than assets, they're engines for economic growth and community development.

”

Yandisa Sobuza
Executive



UNIT MANDATE

The Properties and Facilities Management Services Division continues to serve as the custodian of the ECDC's diverse investment property portfolio. In this role, the Division supports the Corporation's developmental objectives by facilitating access to affordable industrial and commercial properties for investors and entrepreneurs. At the same time, it ensures the financial sustainability of the asset base through modernised, commercially sound asset management practices.

PORTFOLIO OVERVIEW

The ECDC manages one of the largest public property portfolios in the Eastern Cape, comprising residential, commercial, industrial, leisure, and retail properties, alongside significant tracts of undeveloped land. While the portfolio is concentrated in Mthatha, Buffalo City (including King William's Town and surrounding areas), Komani, and Butterworth, it spans the entire province.

The portfolio remains a strategic lever for inclusive economic development, job creation, and MSME support. In recognition of this potential, the Corporation is accelerating the modernisation of its assets to improve yields, attract private investment, and convert underperforming or non-core properties into productive economic infrastructure.

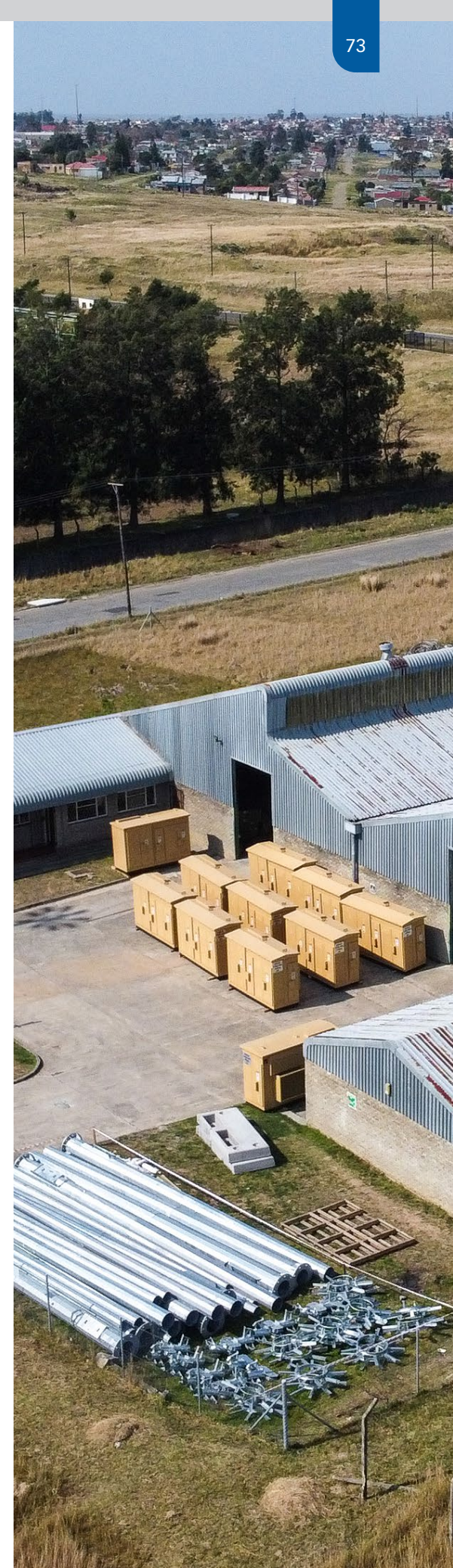
In 2024/25, the ECDC focused on enhancing asset performance through an integrated programme of leasehold management, property disposals, refurbishments, and revenue recovery. This approach is anchored in the ECDC's Property Modernisation and Sustainability Strategy, which aims to reposition the portfolio as a commercially viable, job-generating asset base.

Capital Raise and Refurbishment Programme

The ECDC Capital Raise Programme has made significant strides since its inception, with total funding from the Eastern Cape Government reaching R162,5 million by the end of the 2024/25 financial year. This investment reflects a shared commitment to unlocking the economic and social potential of strategic state-owned properties through targeted capitalisation.

The 2024/25 financial year marked a pivotal milestone in the rollout of the refurbishment programme. For the first time, all designated property clusters within the programme had fully contracted professional service providers and contractors. This comprehensive mobilisation enabled the ECDC to intensify delivery at scale, despite operating in an increasingly constrained and challenging economic environment.

A record-high capital expenditure of R119,3 million was achieved—surpassing the year's allocation from government—thanks to improved efficiencies and disciplined infrastructure spend. Construction activity was underway across all active sites, stimulating local economic participation, supporting SMME development, and creating employment opportunities in communities where such impact is most needed.



The momentum continues into the future, with a further R26,5 million secured from the provincial government for 2025/26. Encouragingly, indicative commitments of R27,9 million and R29,495 million have been registered for 2026/27 and 2027/28, respectively. These sustained commitments signal confidence in the programme's impact and growth potential.

Beyond the physical improvements, these refurbishments stand as a testament to the ECDC's unwavering dedication to preserving public assets while catalysing broader local economic recovery. Looking ahead, the ECDC remains steadfast in its pursuit of additional investment partnerships—both public and private—to advance an integrated and sustainable model for infrastructure renewal and regional revitalisation.

Property Disposal Programme

The disposal of non-core assets remains integral to the ECDC's financial sustainability strategy. In 2024/25, the disposal programme generated R24.36 million in revenue, with an additional R16.1 million in sales anticipated in 2025/26—positioning the ECDC to achieve 90% of its R45 million disposal target.

Disposals primarily involved underutilised and invaded flats, vacant land, and non-performing residential assets. Challenges persisted, particularly in Mthatha, due to tenant litigation, property invasions, and syndicate interference. Several properties were withdrawn from auction due to interdicts, illegal subletting, and eviction delays. Nonetheless, investor interest remains strong, and auctioned properties often achieved market-related prices, even under suboptimal conditions.

To reduce operational and holding cost exposure, the Corporation has prioritised the disposal of high-risk, low-potential assets that continue to drain cash flow.

Investment Property Portfolio Performance

The investment property portfolio showed improved resilience and responsiveness to strategic interventions during 2024/25. Rental collections increased from 60% to 65% of total billing—an outcome driven by strengthened tenant engagement, improved billing systems, and a focused arrears recovery strategy. This supports the ECDC's goal of enhancing the portfolio's financial sustainability.

Cost containment efforts were intensified, particularly concerning utility and municipal service charges. Enhanced verification of municipal accounts and robust engagement with municipalities have delivered early benefits. The disposal of underperforming assets is expected to further reduce liabilities in the upcoming financial year.

These results were underpinned by targeted capacity building within the Properties and Infrastructure Management Unit. Deployment of skilled personnel in leasehold, asset management, and regional coordination has improved operational efficiency and responsiveness. Weekly tenant visits, lease audits, and payment arrangement tracking are now embedded in standard performance monitoring processes.

Key areas requiring continued focus include accelerating legal debt recovery and evictions, improving tenant vetting systems, and reducing vacancies in high-potential industrial and commercial sites. The Corporation is implementing performance-based systems for legal service providers and finalising lease regularisation on high-risk properties to meet its income, occupancy, and recovery targets.

LEASEHOLD MANAGEMENT

Rental collections improved to 65% of billings, marking progress from previous years. The Corporation has focused on active tenant engagement, including negotiated settlements, targeted collections, and enhanced credit control.

A 91% collection rate was achieved among active tenants not yet handed over for legal recovery, highlighting the need to address legacy arrears. Currently, over R471 million in tenant debt is under legal or debt collection—much of it aged and unresolved. To address this, a multi-stakeholder task team has been established, and performance monitoring of legal service providers has been intensified to improve recoveries and evictions.

The MDA system has significantly enhanced lease data accuracy, billing, and reporting. A lease verification and data cleanup exercise was completed, including reversal of historical billing errors and the write-off of revenue associated with vacant or invaded properties.

Revenue Improvement Programme

The Corporation continues to implement a targeted revenue improvement programme focused on increasing occupancy, recovering arrears, and strengthening the policy and systems framework for leasehold management.

In 2024/25, a comprehensive tenant verification exercise was completed to confirm physical occupancy and validate lease arrangements. This revealed critical insights into lease compliance and revenue leakage. Based on these findings, units with expired or irregular leases are being vacated to enable onboarding of compliant, creditworthy tenants.

The legal recovery and eviction programme has intensified, although challenges persist. Evictions are especially difficult in high-risk or invaded properties due to legal complexities and procedural delays, leading to continued arrears and increased risk of vandalism.

To mitigate these challenges, the ECDC has introduced debt settlement incentives—such as conditional interest reversals—alongside legal processes. Revised standard operating procedures are being finalised to streamline internal debt management, with better coordination across legal, finance, and collections teams. A risk-based debtor segmentation framework has also been introduced to prioritise actions.

These initiatives aim to strengthen accountability, accelerate cash recovery, and ensure that tenants align with the ECDC's commercial and developmental mandates.

Regaining Invaded Properties

Security threats—especially in Mthatha—remain a serious concern, with illegal occupations leading to significant financial and operational losses. These are compounded by rental income losses and infrastructure damage.

A resurgence of PACTOA-linked individuals has escalated threats and extortion, particularly in commercially attractive properties. In response, ECDC has enhanced its security posture, deploying armed response units and working closely with SAPS to evict illegal occupiers. Surveillance has been upgraded through the installation of 24-hour CCTV systems.

Security investments have proven critical in safeguarding staff and tenants in high-risk areas. Four previously invaded units were successfully recovered in Vulindlela Heights through joint operations with law enforcement. A dedicated Security Risk Manager has been appointed to coordinate the ECDC's response. The role includes strategic risk prevention, operational planning, and coordination with public security agencies. These efforts will be maintained and scaled as needed to restore control and ensure ECDC assets are secure, operational, and ready for redevelopment.

FUTURE OUTLOOK

The 2024/25 financial year laid the groundwork for successful implementation of the Property Modernisation Strategy. In the coming year, the Division will focus on:

- Finalising the disposal of non-core assets
- Completing the first phase of refurbishments
- Increasing rental income and improving lease compliance
- Strengthening legal and security frameworks to address high-risk tenants and property invasions

With continued focus on commercial discipline, infrastructure investment, and accountable tenant management, the ECDC is well-positioned to meet the objectives set in its Corporate Plan.

INFRASTRUCTURE MANAGEMENT SERVICES

Building the
foundation for
sustainable
development
through effective
infrastructure
delivery.

”

Thembakazi Ngxabani
Executive



OVERVIEW

The ECDC's Infrastructure Management Services are engaged in the implementation of externally funded projects, as well as the internal refurbishment programme currently underway. The external programmes are financed by external stakeholders, while the internal projects pertain to the refurbishment of ECDC's property portfolio.

The 2024/25 financial year has laid the foundation for the successful implementation of the Property Modernisation Strategy. The Division continues to focus on concluding the disposal of non-core assets, completing the first phase of the refurbishment pipeline, improving rental revenue and lease compliance, and strengthening legal and security frameworks to address high-risk tenants and property invasions. The Corporation remains confident that the targets set in the Corporate Plan are achievable through continued focus on commercial discipline, infrastructure investment, and tenant accountability.

CLIENT INFRASTRUCTURE PROGRAMMES

In the 2024/25 financial year, the Eastern Cape Development Corporation (ECDC) reaffirmed its commitment to delivering infrastructure solutions beyond its internal portfolio by partnering with public sector clients to implement catalytic development projects. Through these external engagements, the ECDC generated R3.63 million in revenue. While this represents 33% of the ambitious R11 million annual target, the underperformance was largely due to systemic external factors, including:

- Diminished public sector infrastructure budgets
- Financial constraints affecting key contractors
- Limited professional capacity to sustain delivery amid budgetary shortfalls

Despite these challenges, the ECDC remains resolute in its support to key client departments and municipalities. It continues to adapt to the shifting funding landscape while maintaining high delivery standards. Several projects experienced capital funding delays, which impacted projected revenue—highlighting the importance of sustainable project financing and flexible operating models in the public infrastructure sector.

KEY PROJECTS AND PARTNERSHIPS

Building on the successful delivery of multiple projects under the Provincial Economic Stimulus Fund (PESF) Project Management Office (PMO) in 2023/24, the ECDC has maintained its role as an implementing agent for high-impact infrastructure programmes in 2024/25. Notable support has continued for the following entities:

- Department of Economic Development, Environmental Affairs and Tourism (DEDEAT)
- Department of Agriculture, Land Reform and Rural Development (DALRRD)
- Enoch Mgijima Local Municipality
- Makana Local Municipality

DEPARTMENT OF ECONOMIC DEVELOPMENT, ENVIRONMENTAL AFFAIRS AND TOURISM (DEDEAT)

The ECDC successfully delivered several DEDEAT-linked infrastructure initiatives, including:

- Road upgrades and electrical installations at Dimbaza Industrial Park Phase 2
- Upgrades to the Queendustria Substation
- Informal trader infrastructure at eMaxesibeni (Mount Ayliff)

The tender for the Dimbaza Industrial Park Wastewater Treatment Works upgrade was advertised in December 2024, with construction expected to commence in 2025/26. This will further strengthen the region's industrial infrastructure capacity.

Department of Agriculture, Land Reform and Rural Development (DALRRD)

Since 2023/24, the ECDC has been entrusted with infrastructure projects valued at R245 million on behalf of DALRRD. As of 2024/25, this portfolio has grown to 13 active projects valued at R229 million. These projects encompass a range of rural infrastructure developments, including:

- Zanyokwe Refurbishment (R15.5 million)
- Keiskamahoe Hydroponics (R15 million)
- Zuurberg Peace Memorial Heritage Project (R42.2 million)
- Mnqumashe Abattoir (R65.8 million)
- Mvezo Irrigation Scheme (R9.3 million)
- Zwelihle Community Hall (R23.8 million)
- Sizinden River Crossing Bridge (R10.8 million)
- Carolina Farm Housing (R47.4 million)

These projects reflect ECDC's determination to contribute to inclusive rural development through responsive infrastructure delivery, even as clients periodically reprioritise funding and project scope in response to broader fiscal constraints.

Enoch Mgijima Local Municipality

The Ebdon Substation Upgrade (R17.7 million) was successfully implemented, addressing critical infrastructure capacity constraints within the municipality. This intervention enables the municipality to better manage current and future load demands despite tight capital resources.

Makana Local Municipality

In 2024/25, the ECDC finalised the Alicedale Sewer Upgrade, marking the completion of the broader Makana Sanitation Intervention. This project serves as a model for impactful municipal infrastructure support implemented within strict time and budgetary constraints.

FUTURE OUTLOOK

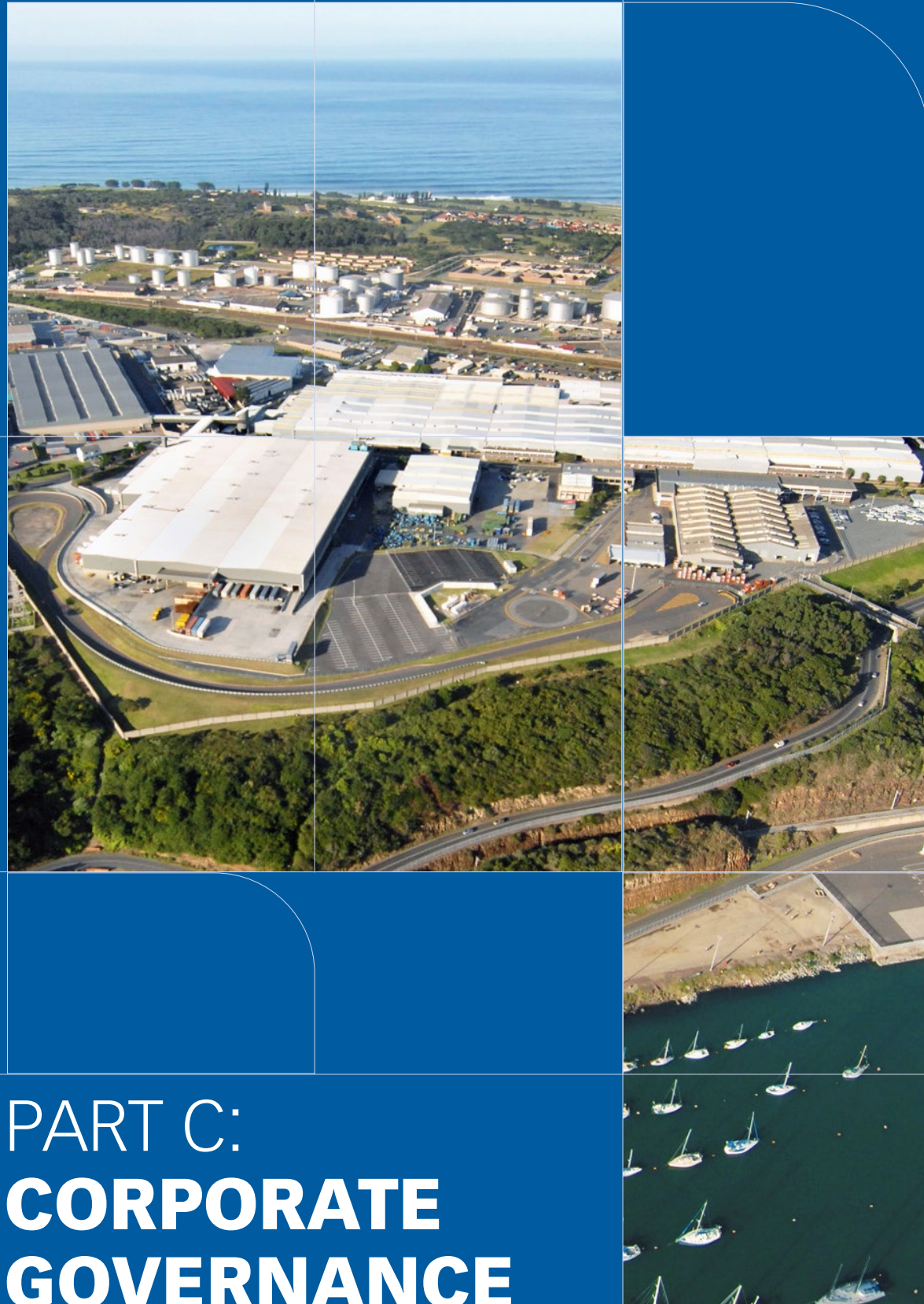
The 2025/26 financial year has set the foundation for:

- Providing comprehensive engineering solutions amid rising infrastructure vandalism nationally
- Refining and reinforcing the property revitalisation plan to attract private investment and enhance economic development
- Safeguarding ECDC properties in terms of security, structural integrity, and functional relevance to economic demands
- Introducing adaptable and versatile property space offerings for prospective businesses and investors
- Increasing revenue and reducing expenditure
- Improving property management systems
- Strengthening internal human resource capacity to align with the new strategic vision and operational targets

The outlook for continued improvement in the performance of the property portfolio is positive. The targets set by the Board in the Corporation's Corporate Plan remain within reach, contingent upon sustained operational focus and strategic execution.



PART C: CORPORATE GOVERNANCE



GOVERNANCE AND OVERVIEW OF GOVERNANCE STRUCTURES

The ECDC endorses the code of good corporate governance practices as contained in the King IV Report on Corporate Governance and affirms its commitment to complying with all the material aspects of the principles incorporated in these reports.

The ECDC is committed to good corporate citizenship and organisational integrity in conducting its affairs. The commitment provides the shareholder, customers, and stakeholders with the comfort that the ECDC's affairs are managed in an ethical and disciplined manner. The ECDC's philosophy is founded on service delivery, trust, integrity, transparency, accessibility, redress, and ethics.

BOARD OF DIRECTORS

The Corporation has a duly constituted Board of Directors, which is the base of the Corporation's corporate governance. The Member of the Executive Council appointed the ECDC Board, responsible for the Department of Economic Development, Environmental Affairs and Tourism (Shareholder) in terms of Section 7(3) of the Eastern Cape Development Act, 1997 (Act 2 of 1997).

The institutional environment of good governance is prescribed by the Constitution of South Africa, 1996, the Public Finance Management Act, 1999, the National Treasury Regulations promulgated in terms thereof, the Protocol on Good Corporate Governance in the Public Sector and King IV to the extent it is necessary.

The ECDC Board of Directors comprises 10 directors, of which nine directors are non-executive with the CEO being an ex-officio member of the Board as per the ECDC Act 2 of 1997.

The Board includes two non-remunerated members from DE-DEAT and Provincial Treasury. The current ECDC Board of Directors' term in office was renewed for a second three-year period commencing 22 February 2024 to 21 February 2027. A Shareholders Compact Agreement, recording the rights and obligations between the ECDC and the Province, is concluded annually between the parties.

The ECDC Board has absolute responsibility for the effective performance of the Corporation and is fully accountable to the shareholder for such performance. Consequently, the ECDC Board provides strategic direction to the Corporation and, in agreement with the shareholder, ensures that an effective continuity plan is in place and adhered to by all directors and key executives.

BOARD CHARTER

The ECDC Board has compiled a Board Charter in line with the recommendations in the King IV Report on Corporate Governance for South Africa (King IV). The Charter is also subject to the provisions of the ECDC Act and any other applicable laws or regulatory provisions. The Charter is intended to provide a concise overview of:

- The roles, functions, responsibilities and powers of the Board, Shareholder, individual directors, and Chief Executive Officer of the Corporation,
- Powers delegated to various Board committees of the Corporation,
- Matters reserved for final decision-making or pre-approval by the Board, and
- The policies and practices of the Board in respect of matters such as corporate governance, declarations and conflict of interest, Board meeting documentation and procedures and the nomination, appointment, induction, training and evaluation of directors and members of the Board Committees.

BOARD COMMITTEES

The ECDC Board comprises four committees: Human Resources, Remuneration, Social and Ethics Committee, Finance and Investment Committee, Governance and Nominations Committee; and the Audit, Risk and Compliance Committee.

Committee members are elected and appointed based on relevant qualifications, skills, and competencies.

Pumeza Bija
Head: Legal, Compliance
and Governance

Strong
governance is
the backbone of
trust, integrity,
and sustainable
success.

”



HUMAN RESOURCES, REMUNERATION, SOCIAL AND ETHICS COMMITTEE (HRSEC)

The Committee assists the Board in fulfilling its corporate governance responsibilities regarding remuneration, strategic human resources matters and ethics. The Committee conforms to an approved code of conduct endorsed by the Board, good communication which alerts all employees to ethical standards, guidelines, and acceptable behaviour within the Corporation. The Committee monitors and reports on the Corporation’s activities regarding social and economic development, good corporate citizenship, environment, health and safety, consumer relations, and ethics. The Committee consists of five members.

FINANCE AND INVESTMENT COMMITTEE (FINCO)

The Committee seeks to assist the Board in discharging its duties. It provides oversight of financial policies, development investment policies and the financial condition of the Corporation in support of the Corporation’s medium and long-range goals relating to funding, asset management, acquisitions, economic development, acquisition, and disposal of non-core and or non-performing assets, subsidiary management, investments, financial sustainability, and procurement.

GOVERNANCE AND NOMINATIONS COMMITTEE (GNC)

The Committee is responsible for providing monitoring and governance oversight of Board performance appraisals, size, structure and composition, corporate governance framework, monitoring for the ECDC, directors’ indemnity insurance, Board succession planning, CEO performance management, subsidiaries, director development, annual reporting and planning for the Annual General Meeting. The Committee consists of the chairpersons of the four sub-Committees and the Board Chairperson.

AUDIT, RISK AND COMPLIANCE COMMITTEE (ARC)

The Committee is a Board Committee responsible for overseeing the Corporation’s financial reporting, accounting, risk, compliance, information technology, internal control, financial reporting practices, combined assurance, and effective and efficient functioning of internal audit. The Committee consists of six members of which three are Independent, including its chairperson.

| Name | Board | Audit, Risk and Compliance Committee | Human Resources, Remuneration and Ethics | Funding and Investment Committee | Governance and Nominations Committee |
|------------------|------------|--------------------------------------|--|----------------------------------|--------------------------------------|
| | Meetings 6 | Meetings 8 | Meetings 4 | Meetings 6 | Meetings 2 |
| Mr V Jarana | 5 | | | 2 | 2 |
| Mr S Somdyala | 3 | | | 4 | 1 |
| Ms. T Cumming | 5 | 8 | | 4 | |
| Ms N Pietersen | 3 | 4 | 1 | 5 | |
| Ms P Bono | 2 | | 3 | 2 | 1 |
| Ms S Siko | 5 | 3 | 4 | 5 | 1 |
| Dr M Makamba | 5 | 3 | 4 | 1 | 1 |
| Ms B Mhlubulwana | 4 | | 2 | 3 | |
| Ms X Titus | 5 | | 4 | 5 | |
| Mr V Tshangana* | 1 | 3 | | 1 | |
| Ms L Smith* | 3 | 8 | | | 1 |
| Dr A Madyibi* | 1 | 8 | | 1 | |
| Mr P Songo* | 1 | 3 | | | |

* Independent ARC Committee members

ENTERPRISE-WIDE RISK MANAGEMENT

OVERVIEW

The Eastern Cape Development Corporation (ECDC) continues to strengthen its Enterprise-Wide Risk Management (EWRM) capability in line with the Public Finance Management Act (PFMA), Treasury Regulations, King IV, ISO 31000, and COSO ERM. EWRM is embedded across strategic planning, operations, and assurance functions to support the delivery of the ECDC’s mandate in a volatile risk landscape.

RISK GOVERNANCE AND OVERSIGHT

The Board, through the Audit, Risk and Compliance (ARC) Committee, exercises oversight of the ECDC’s risk management function. The Senior Manager: Enterprise-Wide Risk, Ethics and Compliance is the designated Risk Officer. The 2024/25 Risk Appetite and Tolerance Framework, approved by the Board, guides organisational performance and monitoring across 66 Key Risk Indicators (KRIs).

KEY RISK PERFORMANCE TRENDS

- Development Finance Impairment Rate: 40% (tolerance: 15%)
- Rental Collection Performance: Residential 67.57%, Commercial 73.22%
- Property Occupancy Rate: 54.08% (target: 85%)
- Cashflow Deficit: R93 million reported

STRATEGIC RISKS MONITORED

- Credit and counterparty risk
- Illegal property invasions and vandalism
- Non-performing development loans and loan misuse
- Cybersecurity vulnerabilities and system reliability

COMBINED ASSURANCE AND RISK MATURITY

ECDC’s Combined Assurance Plan aligns management, internal audit, external audit, and compliance assurance across high-risk areas. Internal Audit provided focused assurance over development finance, procurement, cybersecurity, and performance data. Risk maturity has improved through wider adoption of the Teammate+ system and interdepartmental reporting alignment.

FRAUD AND CORRUPTION RISK OVERSIGHT

GOVERNANCE AND REPORTING

The ARC Committee provided oversight of all fraud, corruption, and theft risks. The Senior Manager: Enterprise-Wide Risk led quarterly reporting to ARC, supported by Legal, Internal Audit, and Compliance. All investigations and consequence management actions were coordinated through the Combined Assurance Model

KEY INCIDENT TRENDS (2024/25)

- 27 cases of fraud, corruption, and unethical conduct were reported (9 in Q4)
- Included illegal property invasions, document forgery, overbilling of legal services, and supplier fraud
- Case CAS 359/03/2019 remains under trial with formal court dates set for August 2025
- Eviction litigation is underway against illegal occupants at various Mthatha and Butterworth sites

PREVENTION AND RESPONSE MEASURES

- Special Security Intervention Plan deployed (e.g., tactical security, CCTV upgrades, stakeholder engagement)
- Civil and criminal litigation pursued against perpetrators, with support from SAPS and Hawks
- Updated Anti-Fraud and Corruption Policy, Whistleblowing Policy, and Response Plans in effect
- Training and awareness campaigns on fraud risks, property bribery, and cybercrime were implemented quarterly
- External forensic auditors appointed in complex cases

POLICY AND CONTROL ENVIRONMENT

- Policies in effect: Anti-Fraud and Corruption-, Whistleblowing -, Risk Appetite and the Combined Assurance Model
- 100% completion of Conflict-of-Interest declarations
- Hotline system active, with 24/7 anonymous reporting via independent provider

COMPLIANCE MANAGEMENT

GOVERNANCE FRAMEWORK

Compliance governance is guided by the Compliance Risk Management Framework, which includes legal risk assessments, a central Compliance Register, and quarterly monitoring. The inaugural Annual Compliance Attestation Programme achieved a 70%-unit participation rate in 2024/25.

LEGISLATIVE MONITORING FOCUS

- FICA: Institutional registration complete; training rollout in progress
- POPIA & PAIA: All employees trained; multilingual manuals published
- Employment Equity: Targets lagging due to financial constraints and resourcing delays

- Safety and Fire Compliance: Evacuation drills scheduled; safety inspections included in refurbishment programmes

COMPLIANCE CONTROL ENHANCEMENTS

- Environmental compliance clauses incorporated in new lease agreements
- Consumer Protection Act alignment achieved in property portfolio contracts
- Regulatory obligations monitored across 40+ statutes.

COMPLIANCE RISK INDICATORS

| Indicator | Status Q4 | Tolerance Threshold |
|--|-----------|---------------------|
| Unit Compliance Attestations Completed | 70% | 100% |
| POPIA & PAIA Training Coverage | 100% | 100% |
| Compliance Breaches (Q4) | 9 | <6 |
| FICA Implementation | Partial | Full |

CONCLUSION

The ARC Committee confirms effective oversight of the ECDC’s enterprise-wide risk, fraud, and compliance functions in 2024/25. Despite financial and operational constraints, the ECDC has improved its internal control environment, fraud detection systems, and compliance frameworks. Key priorities for 2025/26 include enhancing consequence management, increasing KRI performance monitoring, and strengthening combined assurance linkages to decision-making.

REPORT OF THE AUDIT, RISK AND COMPLIANCE COMMITTEE

INTRODUCTION

The ARC is an independent statutory committee of the Board, established in accordance with the PFMA, Treasury Regulations, and the King IV Report on Corporate Governance. The ARC provides oversight of the financial reporting process, enterprise risk, internal controls, compliance obligations, combined assurance, and fraud and corruption risks.

COMMITTEE COMPOSITION AND MEETINGS

The Committee was comprised of three independent, non-executive members, with diverse experience in governance, finance, and legal disciplines. The Committee met six (6) times during the reporting period, and attendance records are included in the Governance Section of the Annual Report.

| Name | Position |
|--------------|--|
| Mr Tshangana | Independent Chairperson (Appointed 3 May 2022) (Resigned 31 July 2024) |
| Ms Smith | Independent ARC Chairperson (Appointed 14 October 2024) |
| Ms Cumming | Board Member (Appointed 22 February 2021) |
| Ms Siko | Board Member-Reallocated To ARC From HRSEC (Appointed 01 September 2024) |
| Dr Makamba | Board Member (Appointed To ARC On 01 September 2024) |
| Ms Bija | Board Member (Appointed To ARC On 01 September 2024) (Resigned 15 November 2024) |
| Dr Madyibi | Independent ARC Member (Appointed 01 January 2024) (Resigned 29 May 2025) |
| Mr Songo | Independent ARC Member (Appointed 21 October 2024) |
| Mr Somdyala | Board Member (Resigned 08 January 2025) |

KEY FOCUS AREAS IN 2024/25

The Committee discharged its responsibilities in line with its Charter, with oversight focused on the following areas:

FINANCIAL REPORTING AND CONTROLS

- Reviewed and recommended the approval of the Unaudited and Audited Annual Financial Statements
- Evaluated the financial control environment, IFRS compliance, and financial sustainability indicators.

ENTERPRISE-WIDE RISK MANAGEMENT

- Oversight of the implementation of the 2024/25 Risk Appetite and Tolerance Framework
- Reviewed quarterly Strategic Risk Reports and key risk exposures (e.g., impairments, occupancy, cyber risk)
- Monitored management responses to deviations outside of defined risk tolerance.

FRAUD, CORRUPTION AND THEFT RISK OVERSIGHT

- Reviewed cases of fraud
- Noted ongoing criminal and civil proceedings, including PACTOA-related property invasions and overbilling
- Endorsed the Special Security Intervention Plan, forensic investigations, and litigation progress reports
- Oversaw controls for whistleblowing and reporting mechanisms (e.g., hotline and disciplinary outcomes).

COMBINED ASSURANCE

- Reviewed the 2024/25 Combined Assurance Plan and Mapping
- Ensured integration of internal audit, external audit, risk management, compliance, and legal assurance streams
- Monitored effectiveness of assurance coverage over high-impact strategic risks.

COMPLIANCE MANAGEMENT

- Reviewed the Annual Compliance Attestation Programme (70% submission rate)
- Evaluated compliance with PFMA, FICA, POPIA, PAIA, Employment Equity, and other legislation
- Reviewed the Compliance Register and identified gaps in training and control implementation.

INTERNAL AND EXTERNAL AUDIT

INTERNAL AUDIT

The Audit, Risk and Compliance Committee reviewed the activities of the internal audit function and has concluded:

- The function is effective, and there were no unjustified restrictions or limitations
- The internal audit reports were reviewed at quarterly meetings, including its annual work programme, coordination with the external auditors
- In coordinating the assurance activities, the Audit, Risk and Compliance Committee reviewed the plans and work outputs of the external and internal audits concluded. It concluded that these activities adequately addressed the business’s significant financial risks
- The Senior Manager: Internal Audit has direct access to the Audit, Risk and Compliance Committee chairperson and members. The Audit, Risk and Compliance Committee is also responsible for the assessment of the performance of the Senior Manager: Internal Audit, and the internal audit function.

| # | Project Name (Emanating from 2022/2023) | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 | Comments |
|----|--|-----------|-----------|-----------|----------------|--------------------------------|
| 1 | Audit of Predetermined Objectives – Annual Results | ● | | | | Completed |
| 2 | Audit of Predetermined Objectives - Quarterly 1 | ● | | | | Completed |
| 3 | Audit of Predetermined Objectives - Quarterly 2 | | ● | | | Completed |
| 4 | Audit of Predetermined Objectives - Quarterly 3 | | | ● | | Completed |
| 5 | Audit of Predetermined Objectives - Quarterly 4 | | | | ● | Completed |
| 6 | Debt Management Review (Property Rentals and Loans Debtors) – Quarter 1 | ● | | | | Completed |
| 7 | Debt Management Review (Property Rentals and Loans Debtors) Quarter 4 (Follow Up) | | | | ● | Completed |
| 8 | Development Funding and Business Support (Loans, Imvaba, Jobs Fund) – administration | ● | | | | Completed |
| 9 | Development Funding and Business Support (Loans, Imvaba, Jobs Fund) | | | ● | | Completed |
| 10 | Debt Write Off (Development Funding – Loans) | | | ● | ● | Completed |
| 11 | Enterprise Risk Management (ERM) | | | | ● | Completed |
| 12 | Property Management Review | | | | ● | Completed |
| 13 | Property Management Review – Follow Up | | | | Not Applicable | Role-forward approved. |
| 14 | Supply Chain Management (Quarter 2) | | ● | | | Complete |
| 15 | Supply Chain Management – (Quarter 4) (Follow Up Review) | | | | ● | Completed |
| 16 | Human Resources Management & Payroll | | ● | | | Completed |
| 17 | Human Resources Management & Payroll (Follow Up) | | | | ● | Completed |
| 18 | Project Management Review | | | ● | | Completed |
| 19 | Records Management Review | | | | ● | Completed |
| 20 | IT Governance Review | | | | Not Applicable | Approved to defer to 25/26) |
| 21 | Annual Financial Statements Review | ● | | | | Outsourced - Quarter 1 (24/25) |
| 22 | AG Audit Improvement Plan | ● | ● | ● | ● | On-going |

EXTERNAL AUDIT

- Engaged with the Auditor-General of South Africa (AGSA) on the annual audit plan, timelines, and scope
- Reviewed the AGSA Management Report and confirmed implementation of action plans by management.

CONCLUSION

The ARC Committee is satisfied that it has fulfilled its responsibilities in terms of its Charter. Despite continuing financial constraints and legal risks, the internal control environment and governance structures have improved. The Committee commends management’s responsiveness to audit findings and the strengthening of assurance coordination.

Key focus areas for 2025/26:

- Strengthening of consequence management and fraud recovery
- Full rollout of the Risk and Compliance Monitoring System (Teammate+)
- Enhancing KRI monitoring and combined assurance integration.

EVALUATION OF FINANCIAL STATEMENTS

The ARC reviewed and recommended for approval:

- The Unaudited Annual Financial Statements (submitted in May 2025)
- The Audited Annual Financial Statements (to be submitted by 31 August 2025)

The Committee confirms that the financial statements are prepared in accordance with IFRS and PFMA.

L Smith
Chairperson of the Audit, Risk and Compliance Committee
Eastern Cape Development Corporation

REPORT OF THE HUMAN RESOURCES, SOCIAL AND ETHICS COMMITTEE

INTRODUCTION

The HRSEC provides independent oversight of ECDC’s organisational ethics, responsible corporate citizenship, human capital, transformation, employee wellness, and social impact obligations. The Committee functions in line with the Companies Act (Reg. 43), King IV, and the PFMA. The Committee met quarterly and confirms that it has fulfilled its duties as set out in its Charter during the 2024/25 financial year.

ETHICS GOVERNANCE

The HRSEC Committee is the designated oversight authority for ethical conduct and organisational culture. During the year, it received quarterly reports from the Ethics Officer covering:

- Implementation of the Ethics Management Plan
- Awareness campaigns, including training on unconscious bias, values, and ethical decision-making
- Monitoring of Code of Conduct breaches and whistleblowing disclosures
- Approval of the 2025/26 Strategy to Embed Ethical Standards
- Review of the combined Code of Ethics and Business Conduct, with a separate Code of Ethics scheduled for Q1 2025/26.

KEY ETHICS INDICATORS:

- Code of Conduct breaches: A total of two incidents reported (within tolerance)
- 9 ethics-related investigations initiated during the year
- No material conflict-of-interest violations reported.

ORGANISATIONAL CULTURE AND EMPLOYEE EXPERIENCE

- The HRSEC reviewed reports on the organisational culture and employee sentiment based on a previously conducted independent Culture Risk Survey. Key insights include:
- Cultural Entropy: High at 35%, indicating dysfunction, blame culture, and job insecurity, Corrective measures underway include:
- Appointment of Culture Charter Ambassadors
- Staff roadshows, leadership engagements, and employee recognition efforts
- Scheduled 2025 staff satisfaction survey and rollout of the CTS (Client-centric Transformation Strategy)
- The Committee supports the CEO’s ongoing leadership interventions and noted alignment between culture strategy and HR initiatives.

HUMAN CAPITAL AND TRANSFORMATION

EMPLOYMENT EQUITY AND SKILLS DEVELOPMENT

- EE targets fell short by 16%, primarily due to funding constraints
- Black female executives were appointed to key positions
- 100% of staff submitted their annual Disclosure of Interests
- The 2024/25 WSP was submitted to the Services SETA; R1.5 million allocated to training and R83,580 to bursaries.

FAIR REMUNERATION

- ECDC completed a Salary Benchmarking and Pay Scale Review in partnership with Emergence Human Capital
- Revised salary scales implemented in May 2024 for underpaid employees
- A 6% wage increase was implemented for Grades 2-15 and management.

EMPLOYEE WELLNESS

- EAP Utilisation Rate: 5.93%
- Leading issues: stress, anxiety, depression, conflict
- New Employee Wellness Service Provider procured in March 2025.

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

SOCIAL RESPONSIBILITY

- Lease agreements updated with clauses ensuring tenant compliance with environmental and human rights laws
- Stakeholder communication and consumer complaints mechanisms enhanced
- ECDC’s advertising and branding aligned with legislation and public interest standards.

Environmental Governance

- Properties assessed for compliance with NEMA and municipal by-laws
- Asbestos removal incorporated into refurbishment planning
- Environmental compliance added to lease conditions
- Environmental management provisions integrated into the updated Property Policy (pending Board approval).

LITIGATION AND STAKEHOLDER ISSUES

The HRSEC Committee monitored strategic social and reputational risks including:

- PACTOA-related litigation and illegal occupation
- HR grievances and CCMA matters (2 new cases in Q4)
- Policy reviews impacting transformation and ethics integration
- Ongoing engagements with the South African Police Service (SAPS), organised crime units, and civil society on safety and rights compliance.

POLICY OVERSIGHT AND STRATEGIC INPUT

During the year, the HRSEC:

- Reviewed and endorsed the Ethics Management Strategy and Implementation Plan 2025/26
- Noted the Gap Analysis of the Code of Ethics and Business Conduct and recommended remediation
- Supported the separation of the Code of Ethics and Code of Conduct
- Reviewed alignment of ethics reporting to Combined Assurance and King IV

CONCLUSION

The HRSEC Committee confirms it has fulfilled its oversight responsibilities for the 2024/25 financial year. Progress was made in embedding ethical leadership, improving staff engagement, and ensuring regulatory alignment on social and transformation obligations. The Committee will continue to monitor the effectiveness of ethics training, employment equity, and cultural change efforts into 2025/26.

DIRECTORS’ REPORT

The directors are pleased to present their report and the audited financial statements for the year ended 31 March 2024. The Corporation is established by the Eastern Cape Development Corporation Act, 1997 (Act 2 of 1997). It is listed in Schedule 3 D of the Public Finance Management Act, 1999 (Act 1 of 1999) (the PFMA) as a Provincial Government Business Enterprise.

SHAREHOLDING

The Provincial Government of the Eastern Cape is the sole shareholder represented by the Member of the Executive Council of the Department of Economic Development, Environmental Affairs and Tourism.

DIRECTORS

The Board’s composition and a summarised curriculum vitae of each director are set out in the Corporate Governance Report.

ACCOUNTING POLICIES

The accounting policies disclose that judgements made by management are supported by the Board in the application of International Financial Reporting Standards (IFRS) that significantly impact the annual financial statements.

CRITICAL JUDGMENTS AND ESTIMATIONS MADE IN APPLYING THE ACCOUNTING POLICIES

Judgements made by management and supported by the Board in the application of IFRS that have a significant impact on the annual financial statements are disclosed in the accounting policies.

AUTHORISED AND ISSUED SHARE CAPITAL

The authorised share capital of the Corporation remained unchanged at R1 billion worth of ordinary shares. The Corporation issued R427 589 674 million worth of ordinary shares to the Provincial Government of the Eastern Cape (Department of Economic Development, Environmental Affairs and Tourism). The issued share capital comprises R213 794 837 million “A” shares of 1 cent each and R213 794 837 million “B” shares of 1 cent each.

| | | |
|--|--|--|
| R1 billion-rand worth of ordinary shares | R427 589 674 million worth of ordinary shares to the Provincial Government of the Eastern Cape | R213 794 837 MILLION “A” shares of 1 cent each R213 794 837 MILLION “B” shares of 1 cent each |
|--|--|--|

DIVISIONS, SUBSIDIARIES AND ASSOCIATE COMPANIES

The supplementary information to the annual financial statements contains a detailed list of subsidiaries and associate companies.

DIVIDENDS

No dividends were declared or paid to shareholders during the year.

JUDICIAL PROCEEDINGS

The annual financial statements include a best estimate of expected settlement costs for judicial proceedings entered by the ECDC, as either defendant or plaintiff, where the outcome can be assessed with reasonable certainty. These estimates consider the legal opinions obtained from the Corporation and the group. The contingent liabilities of the group have been disclosed in note 39 of the annual financial statements.

POST-BALANCE SHEET EVENTS REVIEW

There are no post-balance sheet events relating to the year under review.

GOING CONCERN

Having reviewed the Corporation’s cash flow forecast for the year 2024 and, in the light of this review and current financial position, the directors are satisfied that the Corporation has, or has access to, adequate resources to continue its operational existence for the future. However, note must be taken of note 46 of the financial statements.

REMUNERATION PHILOSOPHY

The ECDC continues to regard its employees as the most valued asset of the business. The Human Resources Strategy remains one of the pillars of the ECDC strategy and provides the framework for addressing Human Resources (HR) challenges. The HR Strategy remains focused on providing the right skills in the right place at the right time to support the ECDC’s business objectives. The ECDC recognises that remuneration is a business issue, not purely a human resources issue, as it directly impacts operational expenditure, organisational culture, employee behaviour and ultimately, the financial sustainability of the Corporation.

As such, the ECDC’s approach to reward is consistent with its objectives and strategic value drivers. Accordingly, the ECDC remuneration philosophy aims to:

- a) Increase productivity by ensuring that individuals, teams are recognised and rewarded for sustained superior performance while managing the total cost of employment
- b) Compete effectively in the labour market and recruit and retain high calibre staff
- c) Establish reward as a strategic driver of performance to encourage and promote continuous improvement at a personal, corporate and unit level
- d) Attract, motivate and retain skilled personnel to enable the Corporation to maintain a competitive edge over its competitors
- e) Commensurate pay to performance.

DIRECTOR FEES

Fees were paid to directors for Board, sub-committee and ad hoc attendance during the financial year under review. These are set out below:

| Name | Board | Audit, Risk & Compliance | HRSEC | FINCO | Governance & Nominations Committee | Ad-hoc & Strategic Engagements | TOTAL |
|-----------------|-------------|--------------------------|-------------|-------------|------------------------------------|--------------------------------|---------------|
| Mr Jarana | R65 937.50 | | | R18,462.50 | R11,868.75 | R403,437.50 | R499, 806.25 |
| Mr Somdyala | R31,650.00 | | | R42,200.00 | R5,275.00 | R168,800.00 | R247,925.00 |
| Ms Cumming | R 39,562.50 | R42,200.00 | | R26,375.00 | | R108,137.50 | R216,275.00 |
| Ms Pietersen | R31,650.00 | R26,375.00 | R5,275.00 | R29,012.50 | | R43,248.75 | R135,561.25 |
| Ms Bono | R15,825.00 | | R26,375.00 | R13,187.50 | R5,275.00 | R 93,631.25 | R154,293.75 |
| Ms Siko | R42,200.00 | R15,825.00 | R 23,737.50 | R36,925.00 | R2,637.50 | R125,281.25 | R246,606.25 |
| Dr Makamba | R0 | R0 | R0 | R0 | R0 | R10,550.00 | R10,550.00 |
| Ms Mhlubulwana* | R0 | R0 | R0 | R0 | | R0 | R0 |
| Ms Titus* | R0 | R0 | R0 | R0 | | R0 | R0 |
| Mr Tshangana | R5,275.00 | R42,200.00 | | R7,912.50 | | R10,550.00 | R65,937.50 |
| Ms Smith* | R 15,825.00 | R63,300.00 | | | R2,637.50 | R 17,143.75 | R98,906.25 |
| Dr Madyibi* | | R36,925.00 | | R7,912.50 | | R 5,275.00 | R50,112.50 |
| Mr Songo | | R15,825.00 | | | | R10,550.00 | R26,375.00 |
| Total | R247,925.00 | R242,650.00 | R55,387.50 | R181,987.50 | R27,693.75 | R996,605.00 | R1,752,348.75 |

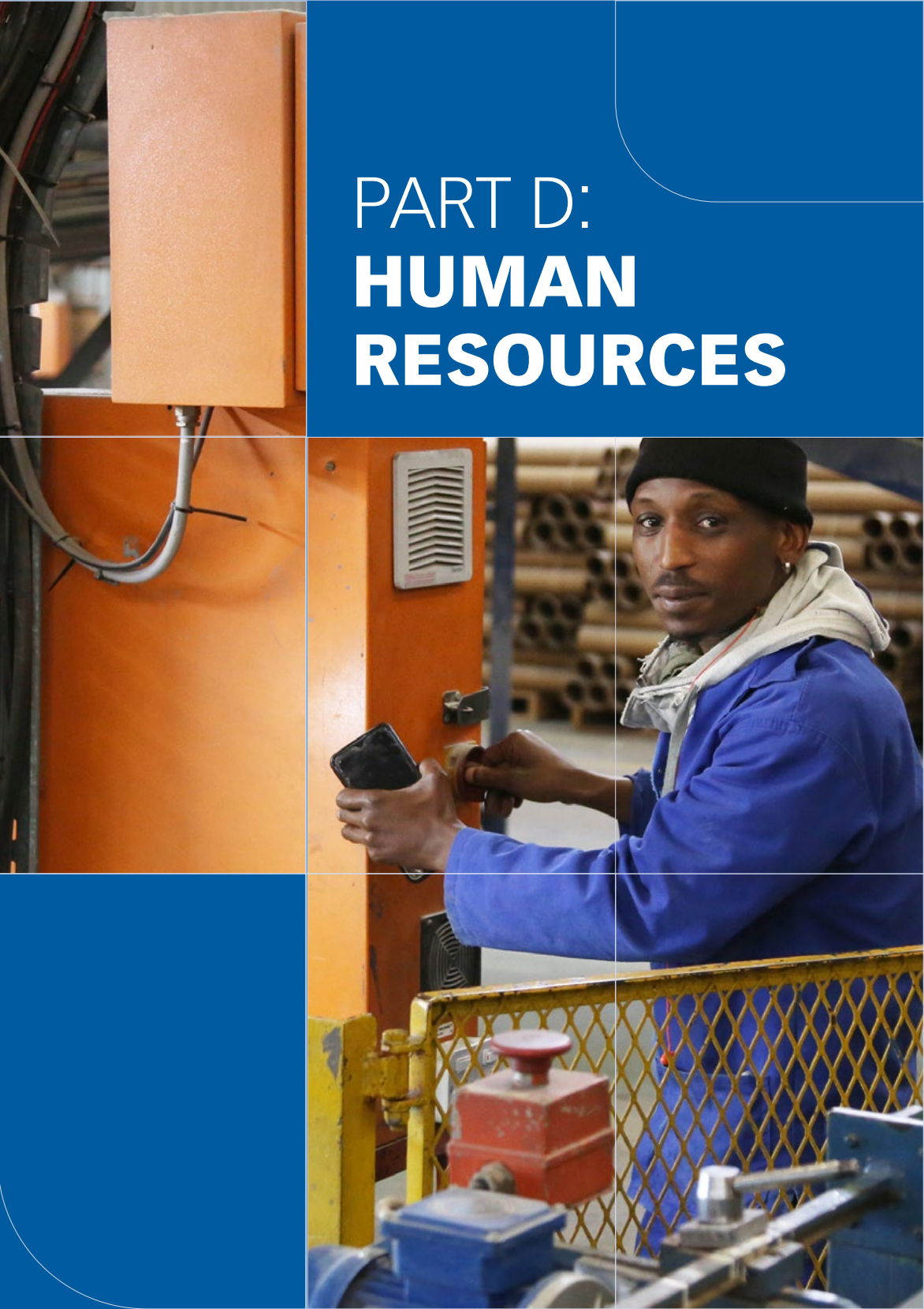
*Ms Mhlubulwana, Ms Titus and Dr Makamba are employed in the public sector - no fees payable.

*Mr Tshangana, Ms Smith, Dr Madyibi and Mr Songo are independent members of ARC committee.



Auto Dynasty

Location: East London
Service: Vehicle Sales
Market: Eastern Cape
Employees: 4
Sector: Automotive
Type of Support: Automotive Operator
Blended Finance Scheme
Value of Support: R1 million



PART D: HUMAN RESOURCES

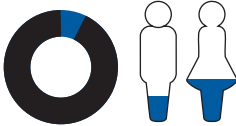
Highlights

Workforce Profile

194 total employees (79 male, 115 female)

93% Majority of workforce is African

59% female



Skills Development

R1,46 million invested in employee training

33 employees completed short learning programmes



Talent & Recruitment

29 permanent appointments made during the year

Employment equity targets aligned to diversity goals

Employee Wellness

Regular wellness screenings and mental health support

Employee Assistance Programme (EAP) provided 24/7 counselling

Labour Relations

100% resolution of disciplinary and grievance cases

Strengthened engagement with labour unions

Organisational Development

Updated HR policies and frameworks to support strategic goals

Improved alignment between performance management and corporate strategy

UNIT MANDATE AND OPERATIONAL OVERVIEW

The purpose of the Human Capital function is to continuously provide integrated human capital solutions to the ECDC with a passion for quality and customer service excellence. It also ensures organisational development, consultation, transformation, and innovation by promoting good governance and transparent processes. The Unit mandate was achieved through partnerships with businesses and by managing spend using the available resources to meet current and future business needs. It is crucial for the ECDC to create a cadre of competent, informed, and motivated employees who are infused with execution-based values so that the Corporation can deliver on its strategy and provide superior customer service.

HUMAN CAPITAL MANAGEMENT

HR subscribes to the standards of the South African Board of People Practitioners and provides services related to strategic human capital management. The support and service solutions provided to employees and business units are future-oriented and solve business problems, talent management, risk management, workforce planning, learning and development, capacity-building, learning and development, performance management, reward and recognition, employee wellness, employment relations management and human capital service delivery.

REVIEW OF POLICIES

One policy was reviewed and approved by the Board in November 2023, namely: Material Terms and Conditions of Services policy. Three (3) Policy Awareness as well as a session to update all staff to update their Provident Fund and Funeral Benefits forms were held in all the regions between June and July 2024.

PERFORMANCE MANAGEMENT

In the period under review, the human resource's function has enhanced some innovative improvements in the HR Focus system to enforce maximum compliance to improve turnaround times and business processes for efficiency and effectiveness. Employees will continuously be orientated/trained on the HR Focus system improvements to ensure that everyone is on board, and that constant interaction with the service provider of the system is continuing to provide the necessary support. Furthermore, HC continues to provide the required support to employees and managers to improve the embedment of a performance management culture whilst closely monitoring compliance by business units, impact on performance trends and realisation of organisational objectives. By the end of the 2024/25 the organisation achieved 96% in employees who signed performance contracts, exceeding a target of 90%.

EMPLOYEE HEALTH AND WELLNESS PROGRAMME (EWP)

The ECDC has a Health and Safety and Occupational Health policy which promotes occupational wellness for our employees. The general physical working environment is regarded as good although there are structural challenges affecting some office spaces such as inadequate space planning (leading to overcrowding), Occupational Health support is provided by promoting opportunities, guidance that enable employees to engage in effective management of their own physical, mental, spiritual, financial, and social wellbeing. The Wellness office initiated a sports and recreation committee that co-ordinates activities designed to use sports as means to boost employee engagement and wellness.

Our wellness partner currently is Life Health Solutions and was appointed in March 2025 to provide a comprehensive a virtual Employee Assistance Programme. Our compulsory Medical Aid scheme partner Discovery Health also provides support/benefits available to all their members in the mental health space, regardless of plan option. Both Employee Assistance Program (EAPs) are a multifaceted resource, providing everything from counselling and mental health support to debt advice, legal advice, and general health advice. The services are easily accessible on a self-referral basis as well as managerial referral.

Our people
are the heartbeat
of ECDC’s success
and future.



Lulama Mbobo-Vava
Executive:
Corporate Services



STAFF PROFILE

Staff profile as of 31 March 2025 is illustrated below:

EMPLOYEES AS AT
01 APRIL 2024 164 PEOPLE

Add ⊕ +36

| | |
|--|----|
| Recruitment - Permanent | 11 |
| Fixed Term Contract (FTC) | 23 |
| Graduate moved to a permanent position | 1 |
| Contract changed employment type | 1 |

Less ⊖ -26

| | |
|----------------------------------|----|
| Resignations | 14 |
| Retirement | 10 |
| Death | 1 |
| Contract changed employment type | 1 |

Total permanent employees 100 PEOPLE

Contract Employees 64 PEOPLE

Total employees at the end
of period March 2024 164

| | |
|---------------------------|--------|
| Total Staff Establishment | 245 |
| - Vacant positions | 81 |
| - Vacancy rate | 33.06% |

Graduates at beginning
of period 22

| | |
|--|----|
| Add: Recruitment ⊕ | 25 |
| Less: Contract expiry and resignations ⊖ | 17 |

Total graduates at the end of period
March 2025 22

194
TOTAL HEADCOUNT AS
AT END MARCH 2025

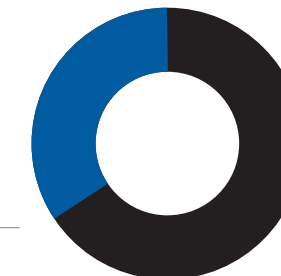


STAFF ESTABLISHMENT PROFILE

In the period under review, the ECDC’s workforce comprised 164 contract and permanent employees. The vacancy rate is 33.06% in respect of the total staff establishment of 245, a slight improvement from 37.1% in 2024/25. Twenty-five (25) vacancies were filled in 2024/5 financial year.

33.06%
vacancy rate for the review period

37.1%
vacancy rate in 2023/24



Several key positions have been filled in various units, such as properties and infrastructure planning and development services, rural enterprise finance and business support, investment management, trade and investment promotion, economic development coordination and sector support, the CEO’s office, and regional offices, to build capacity to enable delivery on the mandate and the revised re-imagined strategy. The reason for a slight change in vacancy rates is the higher staff turnover rate (11.8%) due to, in the main, resignations. Eight out of nine executive positions were filled.

EMPLOYMENT EQUITY

The Employment Equity Act aims to achieve workplace equity by promoting equal opportunity and fair treatment through employment by eliminating unfair discrimination. The primary intention of employment equity at the ECDC is to ensure that there is equitable consideration of all population groupings when the demographic character of the Eastern Cape is considered.

Although the ECDC largely mirrors the diversity profile of the provincially economically active population, inroads have been made in ensuring greater representation at management level in specifically in the female target group. Attaining targets in women development remains a challenge and the removal of barrier to entry and retention plan that will be implemented in the new financial year will have this as a priority.

ECDC TRANSFORMATION AND DIVERSITY GOALS (EMPLOYMENT EQUITY)

NUMERICAL TARGETS FOR YEAR 3 ENDING 1 APRIL 2024 - 31 MARCH 2025 AS PER THE CURRENT EMPLOYMENT EQUITY PLAN

| Occupational Levels | Male | | | | Female | | | | Total |
|--|------|---|---|---|--------|---|---|---|-------|
| | A | C | I | W | A | C | I | W | |
| Top management (20-25) | 5 | 0 | 0 | 1 | 3 | 1 | 0 | 0 | 10 |
| Senior management | 12 | 1 | 2 | 1 | 7 | 1 | 1 | 1 | 26 |
| Professionally qualified and experienced specialists and mid-management (14 -16) | 6 | 1 | 0 | 5 | 9 | 1 | 0 | 1 | 23 |
| Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (10-13) | 24 | 1 | 1 | 1 | 35 | 2 | 1 | 0 | 65 |
| Semi-skilled and discretionary decision making (7-9) | 13 | 1 | 1 | 1 | 32 | 2 | 1 | 1 | 52 |
| Unskilled and defined decision making (2-6) | 1 | 0 | 0 | 0 | 6 | 0 | 0 | 0 | 7 |
| TOTAL PERMANENT | 60 | 4 | 4 | 9 | 92 | 7 | 3 | 6 | 185 |
| Persons with disabilities | 2 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 3 |
| Fixed-term contracts | 4 | 0 | 0 | 0 | 5 | 0 | 0 | 0 | 9 |
| TOTAL TARGETS | 63 | 2 | 2 | 6 | 107 | 1 | 0 | 5 | 197 |

CURRENT EQUITY REPRESENTATION PER OCCUPATION LEVEL ACROSS GENDER AND RACIAL GROUPINGS

| Occupational Levels | Male | | | | Female | | | | Total |
|--|------|---|---|---|--------|---|---|---|-------|
| | A | C | I | W | A | C | I | W | |
| Top management (20-25) | 2 | 0 | 1 | 0 | 5 | 0 | 0 | 0 | 8 |
| Senior management (17-19) | 3 | 1 | 0 | 0 | 3 | 0 | 0 | 2 | 9 |
| Professionally qualified and experienced specialists and mid-management (14 -16) | 8 | 0 | 1 | 2 | 12 | 0 | 0 | 1 | 24 |
| Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (10-13) | 16 | 0 | 0 | 0 | 38 | 1 | 0 | 1 | 56 |
| Semi-skilled and discretionary decision making (7-9) | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| Unskilled and defined decision making (2-6) | 0 | 0 | 0 | 0 | 2 | 0 | 0 | 0 | 2 |
| TOTAL PERMANENT | 30 | 1 | 2 | 2 | 60 | 1 | 0 | 4 | 100 |
| Persons with disabilities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Fixed-term contracts | 30 | 1 | 0 | 2 | 32 | 0 | 0 | 0 | 65 |
| TOTAL EMPLOYEES | 60 | 2 | 2 | 3 | 92 | 1 | 0 | 4 | 164 |
| Young Professionals | 13 | 0 | 0 | 0 | 18 | 0 | 0 | 0 | 31 |
| GRAND TOTAL | 72 | 2 | 2 | 3 | 109 | 2 | 0 | 4 | 194 |

The table above illustrates the actual number of employees in each occupational category and across gender and racial categories. The table further demonstrates the overall total number of all employees across (i.e. permanent and fixed term contracts and young professionals).

VARIANCE - TABLE (DIFFERENCE BETWEEN ACTUAL VS NUMERICAL TARGETS FOR PERMANENT AND FIXED-TERM STAFF AS PER EE PLAN)

| | | | | | | | | | |
|-----------------------------|---|---|---|-----|---|---|---|-----|--|
| Targets: | | | | | | | | | |
| Total Permanent | 4 | 4 | 9 | 92 | 7 | 3 | 6 | 185 | |
| Persons with 2 Disabilities | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 3 | |
| Fixed-Term 4 | 0 | 0 | 0 | 5 | 0 | 0 | 0 | 9 | |
| Total Targets | 2 | 2 | 6 | 107 | 1 | 0 | 5 | 197 | |

| | | | | | | | | | |
|---------------------------|----|---|---|---|----|------|---|---|-----|
| Actual: | | | | | | | | | |
| Total Permanent | 30 | 1 | 2 | 2 | 60 | 1 | 0 | 4 | 100 |
| Total Fixed-Term | 30 | 1 | 0 | 1 | 32 | 0 | 0 | 0 | 64 |
| Persons with disabilities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Variance | 3 | 0 | 0 | 3 | 15 | (-1) | 0 | 1 | 33 |

As per the Employment Equity Plan, we are lagging by 16% to reach the goal for the year ending March 2025 (i.e., 197 targeted - 164 filled = 33 total positions as per the plan). The Corporation is still lagging with the appointments of permanent staff for the period, which should be at least 185 and are currently sat at 100. This is mainly due to the high cost of employment. An improvement should be prioritised for the appointment of persons living with disabilities as well in the last year of the plan. The concern is around eliminating barriers such as provision of the appropriate facilities and equipment especially during severe budgetary constraints

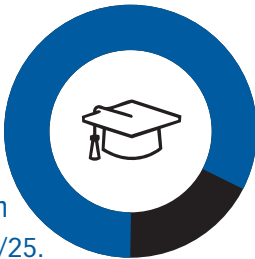
STAFF DEVELOPMENT AND EMPLOYEE RELATIONS

SKILLS DEVELOPMENT

Skills development is essential for employees to excel in their personal and team roles and functions and deliver on the organisation’s strategy. The Workplace Skills Plan (WSP) and Annual Training Report (ATR) were submitted annually to the Services SETA by 30 April 2024. The training programmes were clustered and estimates for each programme were sought from various service providers. Training programmes offered in the 2024/25 financial are as follows:

- Entrepreneurship
- IIASA Conference
- Ethics in Practice
- Contract and Procurement Fraud

Twenty-four (24) employees were awarded bursaries, at 80% of tuition fees, for study in 2023/24 and 2024/25.



YOUNG PROFESSIONALS GRADUATE DEVELOPMENT PROGRAMME

The ECDC implemented the Graduate Development Programme as part of its contribution to skills development initiatives as expressed in the National Skills Development Strategy (NSDS III), National Growth Plan (NGP), Provincial Growth Development Strategy (PGDS) and the National Development Plan, (NDP) Vision 2030.

The objectives are to attract unemployed graduates to participate in the programme, providing them with valuable work experience and increasing their employment opportunities. The programme is fully structured, and the ECDC pays the successful graduates a monthly stipend/allowance for 24 months. Forty graduates have been recruited and placed in various departments and regional offices.

EMPLOYEE RELATIONS:

Collective Bargaining

The focus at the Human Capital Management unit is fostering capabilities that will enable the organisation to deliver on its mandate. This is achievable through promoting sound labour relations, organisational discipline, and fair people management practices. During the year under review, focus was on rebuilding the HCM policy framework as well as relationships with recognised labour formations. This was achieved through joint consultative structures and bilateral mechanisms.

Organisational Discipline

The focus has been on enhancing the current framework to be more dynamic taking cognisance of the changing workforce drivers. Our philosophy is to attract, retain and enable high performance by ensuring that policies conform to supporting business and HCM strategies which must be legislatively compliant, internally integrated, consistent across topics and disciplines and aligned to market best practice.

Misconduct and Disciplinary Action

There was a total of two formal disciplinary actions undertaken for various acts of misconduct. Both cases have since been finalised.



PART E: PFMA
COMPLIANCE
REPORT

IRREGULAR, FRUITLESS AND WASTEFUL
EXPENDITURE AND MATERIAL LOSSES

IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

Irregular expenditure

a) Reconciliation of Irregular Expenditure

| Description | 2025 (R'000) | 2024 (R'000) | 2023 (R'000) |
|---|--------------|--------------|--------------|
| Opening balance | 9,165 | 10,471 | 3,106 |
| Prior Period Errors | 0 | 0 | 6,807 |
| As restated | 9,165 | 10,471 | 9,913 |
| Add: Irregular expenditure confirmed | 143 | 462 | 558 |
| Less: Irregular expenditure condoned | 0 | (1,768) | 0 |
| Less: Irregular expenditure not condoned and removed | 0 | 0 | 0 |
| Less: Irregular expenditure recoverable | 0 | 0 | 0 |
| Less: Irregular expenditure not recovered and written off | 0 | 0 | 0 |
| Closing balance | 9,308 | 9,165 | 10,471 |

The prior period error of R6 807 million relates to a fraud and corruption case involving an ex-employee and a service provider which occurred in the previous financial years. An amount of R2 354 million was discovered in the current financial year through overreaching invoices by the service provider. An amount of R4 453 million was reported in the previous financial year annual report and this irregular expenditure related to 2017/2018 financial year. Cases have been opened with the SAPS and criminal proceedings are currently underway against the alleged perpetrators. ECDC has also instituted civil proceedings to recover the losses.

Reconciling notes

| Description | 2025 (R'000) | 2024 (R'000) |
|--|--------------|--------------|
| Irregular expenditure that was under assessment in 2024 | 0 | 0 |
| Irregular expenditure that relates to prior years and identified in 2025 | 0 | 0 |
| Irregular expenditure that relates to prior years (2017/18 and identified in 2023) | 0 | 0 |
| Irregular expenditure for the current year | 143 | 462 |
| Total | 143 | 462 |

b) Details of current and previous year irregular expenditure (under assessment, determination, and investigation)

| Description | 2025 (R'000) | 2024 (R'000) |
|---|--------------|--------------|
| Irregular expenditure under assessment | | |
| Irregular expenditure under determination | | |
| Irregular expenditure under investigation | 2,497 | 4,915 |
| Total | 2,497 | 4,915 |

c) Details of current and previous year irregular expenditure condoned

| Description | 2025 (R'000) | 2024 (R'000) |
|--------------------------------|--------------|--------------|
| Irregular expenditure condoned | 0 | (1,768) |
| Total | 0 | (1,768) |

d) Details of current and previous year irregular expenditure removed - (not condoned)

| Description | 2025 (R'000) | 2024 (R'000) |
|--|--------------|--------------|
| Irregular expenditure NOT condoned and removed | 0 | 0 |
| Total | 0 | 0 |

e) Details of current and previous year irregular expenditure recovered

| Description | 2025 (R'000) | 2024 (R'000) |
|---------------------------------|--------------|--------------|
| Irregular expenditure recovered | 0 | 0 |
| Total | 0 | 0 |

f) Details of current and previous year irregular expenditure written off (irrecoverable)

| Description | 2025 (R'000) | 2024 (R'000) |
|-----------------------------------|--------------|--------------|
| Irregular expenditure written off | 0 | 0 |
| Total | 0 | 0 |

Additional disclosure relating to Inter-Institutional Arrangements

g) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is not responsible for the non-compliance)

| Description |
|--|
| There are no inter-institutional arrangements which have resulted in irregular expenditure being incurred. |

m) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is responsible for the non-compliance)

| Description | 2025 (R'000) | 2024 (R'000) |
|----------------------|--------------|--------------|
| No matters to report | 0 | 0 |
| Total | 0 | 0 |

n) Details of current and previous year disciplinary or criminal steps taken because of irregular expenditure

| Disciplinary steps taken |
|---|
| - Investigations for prior year irregular expenditure had been concluded, and consequence management action had been taken against responsible officials. |
| - Investigations for the 2024/25 irregular expenditure are still in progress. |
| - For the irregular expenditure related to the fraud and corruption case of R2,354 million, this relates to overbilling by two service providers, in breach of the SLA. Following further investigations, additional excessive invoices were identified, where service provider was working with ECDC ex-employee. A third attorney’s invoice is currently under investigation, with the extent of the loss still being quantified. All these instances occurred in previous years but were investigated and disclosed in current year. |

FRUITLESS AND WASTEFUL EXPENDITURE

a) Reconciliation of fruitless and wasteful expenditure

| Description | 2025 (R'000) | 2024 (R'000) |
|--|--------------|--------------|
| Opening balance | 301 | 301 |
| Add: Fruitless and wasteful expenditure confirmed | 0 | 0 |
| Less: Fruitless and wasteful expenditure written off | (301) | 0 |
| Less: Fruitless and wasteful expenditure recoverable | 0 | 0 |
| Closing balance | 0 | 301 |

Reconciling notes

| Description | 2025 (R'000) | 2024 (R'000) |
|--|--------------|--------------|
| Fruitless and wasteful expenditure that was under assessment in 2023 | 0 | 301 |
| Fruitless and wasteful expenditure that relates to 2023 and identified in 2024 | | |
| Fruitless and wasteful expenditure for the current year | 0 | 0 |
| Total | 0 | 0 |

b) Details of current and previous year fruitless and wasteful expenditure (under assessment, determination, and investigation)

| Description | 2025 (R'000) | 2024 (R'000) |
|--|--------------|--------------|
| Fruitless and wasteful expenditure under assessment | 0 | 0 |
| Fruitless and wasteful expenditure under determination | 0 | 0 |
| Fruitless and wasteful expenditure under investigation | 0 | 301 |
| Total | 0 | 301 |

c) Details of current and previous year irregular expenditure recovered

| Description | 2025 (R'000) | 2024 (R'000) |
|--|--------------|--------------|
| Fruitless and wasteful expenditure recovered | 0 | 0 |
| Total | 0 | 0 |

d) Details of current and previous year irregular expenditure not recovered and written off

| Description | 2025 (R'000) | 2024 (R'000) |
|--|--------------|--------------|
| Fruitless and wasteful expenditure written off | -301 | 0 |
| Total | 0 | 0 |

Board approved the writing off of the amount based on the outcome of the review conducted on the matter.

e) Details of current and previous year disciplinary or criminal steps taken because of fruitless and wasteful expenditure

| Disciplinary steps taken |
|--------------------------|
| |

ADDITIONAL DISCLOSURE RELATING TO MATERIAL LOSSES IN TERMS OF PFMA SECTION 55(2)(B)(I) &(III))

a) Details of current and previous year material losses through criminal conduct

| Material losses through criminal conduct | 2025 (R'000) | 2024 (R'000) |
|--|--------------|--------------|
| Theft, fraud and corruption | 476 | 677 |
| Other material losses | 20,612 | 26,395 |
| Less: Recovered | 0 | 0 |
| Less: Not recovered and written off | 0 | 0 |
| Total | 21,088 | 27,072 |

Include discussion here were deemed relevant.

a) This fraud case of R476 thousand (2024: 677 thousand) relates to a criminal matter indicated below:

a. A supplier fraud case in which a service provider was paid R476 thousand for goods that were never delivered. This fraudulent activity resulted in a financial loss to ECDC.

The incident has been reported to SAPS, and a case number was obtained.
Loss of revenue from invaded properties R20,432 million (2024 – R 26,395 million)

b) Details of other material losses

| Nature of other material losses | 2025 (R'000) | 2024 (R'000) |
|---|--------------|--------------|
| Loss of revenue from invaded properties | 20 612 | 26 395 |
| | 0 | 0 |
| Total | 0 | 0 |

c) Other material losses recovered

| Nature of losses | 2025 (R'000) | 2024 (R'000) |
|---|--------------|--------------|
| (Group major categories, but list material items) | 0 | 0 |
| Total | 0 | 0 |

d) Other material losses written off

| Nature of losses | 2025 (R'000) | 2024 (R'000) |
|---|--------------|--------------|
| (Group major categories, but list material items) | 0 | 0 |
| Total | 0 | 0 |

LATE AND/OR NON-PAYMENT OF SUPPLIERS

The ECDC has developed a system in which the payment period of supplier invoices can be tracked. There have been challenges with the system which are being addressed. Generally, invoices are paid within 30 days of receipt and are only delayed when there are queries on the amounts charged.

SUPPLY CHAIN MANAGEMENT

Procurement by other means - contract variations and expansions

| Tender nr | Short description | Procurement Method | Service Provider | Value of the deviation / single source / variation | Contract Value |
|--------------------|---|---------------------|---|--|----------------|
| ECDC/DEV/01/042024 | Approval of a deviation from the normal procurement process and appointment of a single sourced service provider for the renewal of an annual subscription with Quantec Research (Pty) Ltd, a national and international research database. | Deviation | Quantec Entre-prises Pty Ltd | R217,982.50 | R217,982.50 |
| ECDC/DEV/02/042024 | Approval for payment for services rendered by a single service provider for the participation in the Global Business Services Conference, in Cape Town 7-8 November 2023. | Payment of Services | Business Process South Africa (BPESA NPC) | R73,354.59 | R73,354.59 |
| ECDC/DEV/03/042024 | Approval of a deviation from the Procurement Policy for the urgent acquisition of armed security for Adv Kunene on 4 December 2023. | Deviation | Falcon Security | R23,000.00 | R23,000.00 |
| ECDC/DEV/04/052024 | Emergency procurement for the burst geyser and resultant flooding of the main electrical distribution board | Deviation | Shones Electrical | R13,711.11 | R13,711.11 |
| ECDC/DEV/05/052024 | Ratification of the organisational response and costs arising for the attempt on the life of Mr. Nobanda | Ratification | Falcon Security | R150,190.00 | R150,190.00 |
| ECDC/DEV/06/062024 | Catering services for Farmers Market Access Development Training programme (TARDI) for the 10 to 14 June 2024 | Deviation | Capitol Caterers | R26,875.00 | R26,875.00 |
| ECDC/DEV/07/062024 | National Arts Festival as a single source SP to coordinate - Venue and Refreshments for 150 attendees over a period of three days - 26 to 29 June 2024 | Single source | National Arts Festival | R299,064.00 | R299,064.00 |
| ECDC/DEV/08/062024 | Emergency procurement for the repairs of the ECDC's Head Office Roof damaged by rainstorm | Single source | Siya Xuba Scott Contractors | R53,820.00 | R53,820.00 |
| ECDC/DEV/09/062024 | Profile for the ECDC Chief Executive Officer and coverage of ECDC success stories in the Public Sectors Leaders publication | Single source | Top Media Communications Pty Ltd | R65,296.56 | R65,296.56 |
| ECDC/DEV/10/072024 | Appointment of Wesley Pretorius Attorneys to represent the ECDC in High Court Matter - Continuation of legal matter | Single source | Wesley Pretorius Attorneys | R2 250 P/hr | R2 250 P/hr |
| ECDC/DEV/11/072024 | Appointment of the Durban Film Mart Exhibition stands to be held during the 19 to 22 July 2024 | Sole source | Durban Film Mart Institution | R53,762.50 | R53,762.50 |
| ECDC/DEV/12/072024 | Renewal of an annual subscription of the Eastern Cape Business and Investment Guide | Sole source | Global Africa Network Media | R297,850.00 | R297,850.00 |
| ECDC/DEV/13/082024 | Catering at TARDI venue utilizing the inhouse catering service provider, Falini Food Services, for the two (2) Farmers Market Access Development Programme training sessions to be held in August and September 2024 | Sole source | Tardi In House Caterer | R126,270.00 | R126,270.00 |
| ECDC/DEV/14/082024 | Provision of tactical security companies regarding the threat of intimidation and extortion invaders in Mthatha Area for a three-month period | Deviation | VPS Security | R839,500.00 | R839,500.00 |
| ECDC/DEV/15/082024 | Replacement of Contractor procured on emergency basis for the Repairs of the ECDC Roof damaged by Storms | Emergency deviation | Bell Groove and Snell (Pty) Ltd | R38,187.00 | R38,187.00 |

| Tender nr | Short description | Procurement Method | Service Provider | Value of the deviation / single source / variation | Contract Value |
|--------------------|--|---------------------|---|--|----------------|
| ECDC/DEV/15/082024 | Replacement of Contractor procured on emergency basis for the Repairs of the ECDC Roof damaged by Storms | Emergency deviation | Bell Groove and Snell (Pty) Ltd | R38,187.00 | R38,187.00 |
| ECDC/DEV/16/092024 | Laptop Repairs - Original Manufacturer (OEM) service centre in South Africa located in East London | Single source | Dynamic Services | R11,799.00 | R11,799.00 |
| ECDC/DEV/17/102024 | Emergency procurement of Imvula Quality Protection for provision of security services at Dimbaza Wastewater Treatment Works for a period of 1 month | Emergency | Imvula Quality Protection | R82,800.00 | R82,800.00 |
| ECDC/DEV/18/112024 | Appointment of Deloitte Consulting (Pty) Ltd to be appointed as the sole source service provider and provide job evaluation services using the TASK system (For a period of a year with an option to renew for another year provided that Deloitte Consulting (Pty) Ltd still remains the only service provider who is the only custodian of the Task reading system). | Sole source | Deloitte Consulting (Pty) Ltd | R200,000.00 | R200,000.00 |
| ECDC/DEV/19/112024 | Implementation of second phase Tactical Security regarding the threat of intimidation and extortion of invaders in Mthatha area | Deviation | SSG Security (Pty) Ltd | Rates based | Rates based |
| ECDC/DEV/20/112024 | Single source appointment for supply and delivery of concrete barriers in Mthatha. | Single source | Rocla (Pty) Ltd | R223,105.00 | R223,105.00 |
| ECDC/DEV/21/112024 | Single source Appointment of Security Surveillance Cameras | Single source | Camsec EL (Pty) Ltd | R557,132.00 | R557,132.00 |
| ECDC/DEV/22/122024 | Appointment of Primedia (Pty) Ltd as the single source provider for the provision of directional signage for the Invest SA One Stop Shop Eastern Cape | Single source | Primedia (Pty) Ltd | R173,880.00 | R173,880.00 |
| ECDC/DEV/23/122024 | Request to approve payment for services rendered by a single service provider for the participation in the Global Business Services (GBS) Conference, in Johannesburg, 13-14 November 2024 | Payment of Services | Business Process South Africa (BPESA NPC) | R112,593.75 | R112,593.75 |
| ECDC/DEV/24/122024 | Urgency and emergency of the situation for the appointment of Prime Steel (Pty) Ltd for the removal of existing canopy and manufacture a new one and replace at ECDC Offices in East London | Emergency Deviation | Prime Steel (Pty) Ltd | R300,160.12 | R300,160.12 |
| ECDC/DEV/25/122024 | Appointment of Bellgrove & Snell (Pty) Ltd for emergency repairs to the north wing roof above office 311 | Deviation | Bellgrove & Snell (Pty) Ltd | R29,942.21 | R29,942.21 |
| ECDC/DEV/26/022025 | Approval for the provision of rental office space for InvestSA One-Stop Shop at 12 Esplanade, Quigney, East London for an initial period of three (3) years with an option to extend for a further two (2) year period ending 31 March 2030 | Deviation | Sthathu Funding (Pty) Ltd | Rates based | Rates based |
| ECDC/DEV/27/032025 | Single source service provider for the provision of Entrust SSL Certificate Supplier for the ECDC Invest One Stop Shop Video Conferencing system and Teammate system for a period of one year | Single source | Altron Security | R9,495.78 | R9,495.78 |

Qoboqobo Essential Oils

Location: Keiskammahoek

Product: Dried Rosemary Leaf & Oil, Cape Chamomile Oil, Khokibos Oil

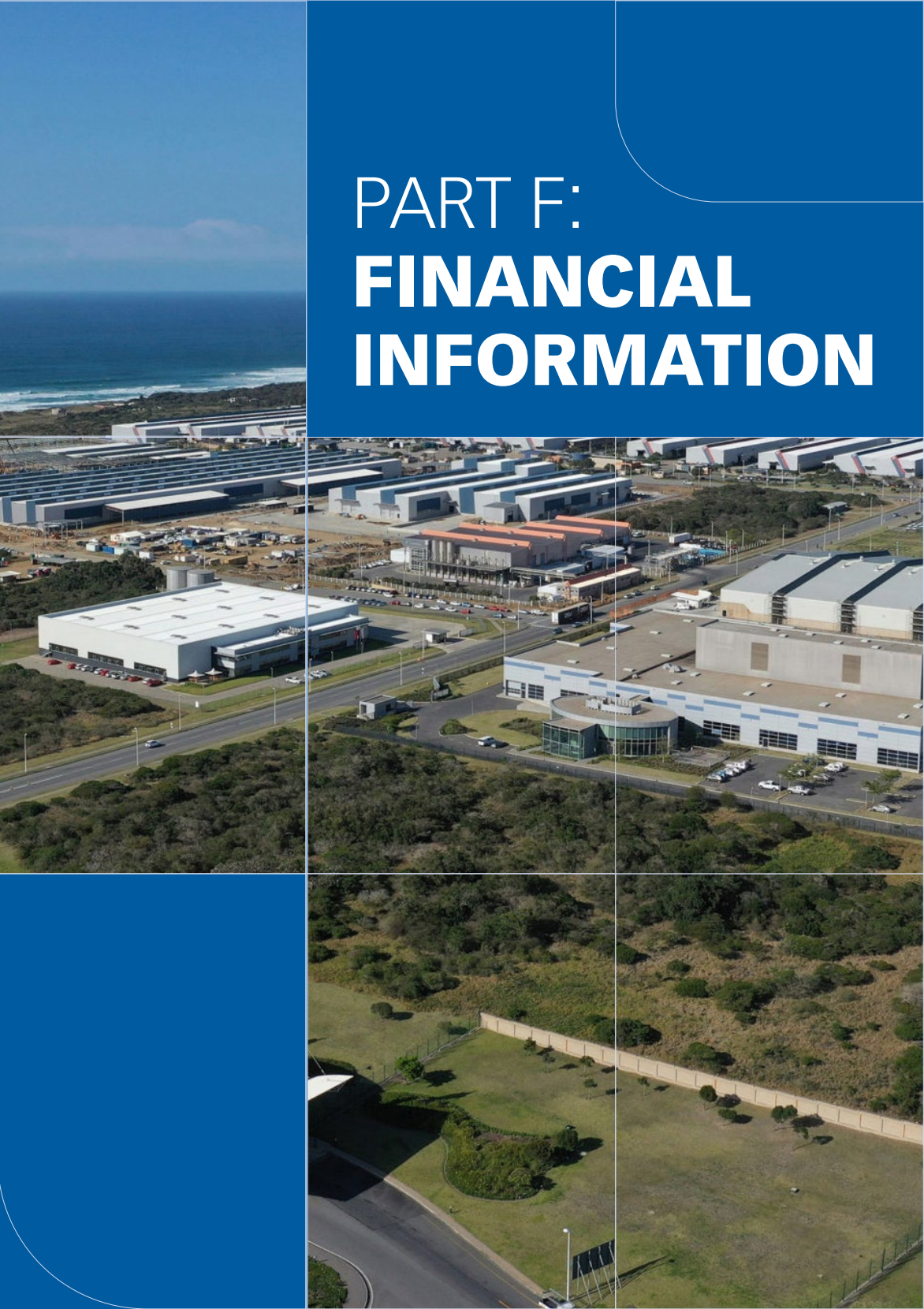
Market: Export Market – USA & India

Employees: 20 permanent & 60 casual staff

Sector: Agri-business

Type of Support: Export Training & Promotion





PART F:
**FINANCIAL
INFORMATION**

GENERAL INFORMATION

COUNTRY OF INCORPORATION AND DOMICILE
South Africa

NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES
The ECDC is a Schedule 3D Provincial Government Business Enterprise, established in terms of the PFMA. Its mandate is obtained from the Eastern Cape Development Corporation Act 2 of 1997 and it operates as both a development finance institution as well as an economic development agency. Its principal activities involve the provision of financial and non-financial support to small, medium and micro enterprises, stimulation of economic growth, stimulation of job creation opportunities, promotion of imports, exports and investments and the promotion of economic development programmes for the province.

REGISTERED OFFICE
Ocean Terrace Park
Moore Street, Quigney
East London

POSTAL ADDRESS
PO Box 11197, Southernwood, 5213

HOLDING DEPARTMENT
Department of Economic Development, Environmental Affairs and Tourism

AUDITORS
Auditor-General South Africa (Eastern Cape)

LEGAL FORM
Government Business Enterprise

INDEX

The reports and statements set out below comprise the consolidated annual financial statements presented to the shareholder:

| | |
|--|-----|
| Statement of Financial Position | 114 |
| Statement of Profit or Loss and Other Comprehensive Income | 116 |
| Statement of Changes in Equity for the year ended 31 March | 118 |
| Statement of Cash Flows | 122 |
| Accounting Policies | 123 |
| Notes to the Consolidated Annual Financial Statements | 148 |

A report of the directors has not been prepared as the Group is a wholly-owned subsidiary of the Department of Economic Development, Environmental Affairs and Tourism which is incorporated in South Africa.

The consolidated annual financial statements set out on pages 115 to 217, which have been prepared on the going concern basis,


Chief Executive Officer
Mr A Wakaba


Board Chairperson
Mr V Jarana

Report of the auditor-general to Eastern Cape Provincial Legislature on Eastern Cape Development Corporation

Report on the audit of the consolidated and separate financial statements

Opinion

1. I have audited the consolidated and separate financial statements of the Eastern Cape Development Corporation and its subsidiaries (the group) set out on pages 114 to 217, which comprise the consolidated and separate statement of financial position as at 31 March 2025, consolidated and separate statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended, as well as notes to the consolidated and separate financial statements, including material accounting policy information.
2. In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the group as at 31 March 2025 and their consolidated and separate financial performance and consolidated and separate cash flows for the year then ended, in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Context for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the consolidated and separate financial statements section of my report.
4. I am independent of the entity in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Loss allowances

7. As disclosed in notes 10 and 12 to the annual financial statements, loss allowance of R92,2 million and R514,3 million have been provided for on loan receivables and rental debtors, respectively.

Material losses through criminal conduct

8. As disclosed in note 48 to the annual financial statements, material loss of R20,6 million was incurred as a result of illegal invasion of the entity's investment properties.

Responsibilities of the accounting authority for the consolidated and separate financial statements

9. The accounting authority is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the IFRS Accounting Standards and the requirements of the (PFMA); and for such internal control as the accounting authority determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.
10. In preparing the consolidated and separate financial statements, the accounting authority is responsible for assessing the entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the consolidated and separate financial statements

11. My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.
12. A further description of my responsibilities for the audit of the consolidated and separate financial statements is included in the annexure to this auditor's report. This description, which is located at page 112, forms part of my auditor's report.

Report on the annual performance report

13. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof; I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
14. I selected the following material performance indicators related to increased growth and competitiveness of small enterprises in priority sector industries, presented in the annual performance report for the year ended 31 March 2025. I selected those indicators that measure the entity's performance on its primary mandated functions and that are of significant national, community or public interest.
 - Number of MSMEs receiving financial support (loans and financial incentives)
 - Number of co-operatives and participating enterprises/individuals receiving financial support
 - Value of funds leveraged directly for MSME projects
 - Number of jobs facilitated (through loans)
 - Number of jobs saved and/or created through the Jobs Protection and Stimulus Fund, and Imvaba Fund
15. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the entity's planning and delivery on its mandate and objectives.
16. I performed procedures to test whether:
 - the indicators used for planning and reporting on performance can be linked directly to the entity's mandate and the achievement of its planned objectives
 - all the indicators relevant for measuring the entity's performance against its primary mandated and prioritised functions and planned objectives are included
 - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
 - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
 - the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
 - the reported performance information is presented in the annual performance report in the prescribed manner
17. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.
18. I did not identify any material findings on the reported performance information for the selected indicators.

Achievement of planned targets

- 19. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or under- achievements.
- 20. The table that follows provides information on the achievement of planned targets and lists the key indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages 36 to 39.

Outcome 4: Increased growth and competitiveness of small enterprises in priority sector industries

Targets achieved: 85, 7%

| Key indicator not achieved | Planned target | Reported achievement |
|--|----------------|----------------------|
| Number of jobs saved and/or created through the Jobs Protection and Stimulus Fund, and Imvaba Fund | 1 350 | 827 |

Report on compliance with legislation

- 21. In accordance with the PM and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the entity's compliance with legislation.
- 22. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
- 23. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
- 24. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Revenue management

- 25. Effective and appropriate steps were not taken to collect all revenue due, as required by section 51(1)(b)(l) of the PFMA.

Strategic planning and performance management

- 26. The corporate plan submitted to the head of Department of Economic Development Environmental Affairs and Tourism designated by the executive authority did not include the affairs of the AIDC Eastern Cape SOC Limited, as required by section 52(b) of the PFMA.

Other information in the annual report

- 27. The accounting authority is responsible for the other information included in the annual report which includes the directors' report and the audit committee's report. The other information referred to does not include the consolidated and separate financial statements, the auditor's report and those selected material indicators in the scoped-in strategic outcome presented in the annual performance report that have been specifically reported on in this auditor's report.
- 28. My opinion on the consolidated and separate financial statements and my reports on the audit of the annual performance report and compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
- 29. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the consolidated and separate financial statements and the selected material indicators in the scoped-in strategic outcome presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
- 30. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

- 31. I considered internal control relevant to my audit of the consolidated and separate financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
- 32. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on compliance with legislation included in this report.
- 33. The entity's leadership did not exercise oversight responsibility regarding financial reporting, compliance and the related internal controls. This has resulted in the corrected material misstatement in the financial statements and an increase in material non-compliances.

Other reports

- 34. I draw attention to the following engagement conducted by Directorate for Priority Crime Investigation (Hawks). This report did not form part of my opinion on the consolidated and separate financial statements or my findings on the compliance with legislation.
- 35. The Hawks is investigating a matter of hijacking of the entity's buildings in Mthatha.
- 36. The investigation was still in progress at the date of this report.

Auditor General

East London
31 July 2025



Annexure to the auditor’s report

The annexure includes the following:

- The auditor-general’s responsibility for the audit
- The selected legislative requirements for compliance testing

Auditor-general’s responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the consolidated and separate financial statements and the procedures performed on reported performance information for selected material performance indicators and on the entity’s compliance with selected requirements in key legislation.

Consolidated and separate financial statements

In addition to my responsibility for the audit of the consolidated and separate financial statements as described in this auditor’s report, I also:

- identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the consolidated and separate financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the entity and its subsidiaries to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the consolidated and separate financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the consolidated and separate financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause an entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and determine whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. I am responsible for the direction, supervision and review of audit work performed for purposes of the group audit. I remain solely responsible for my audit opinion.

Communication with those charged with governance

I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation - selected legislative requirements

The selected legislative requirements are as follows:

| Legislation | Sections or regulations |
|--|---|
| Public Finance Management Act No. 1 of 1999 | Section 50(3)(b); 51(1)(a)(iii); 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 52(b); 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); 55(1)(c)(i); 56; 57(b); 66(3)(d); 66(5); 67 |
| Treasury Regulations, 2005 | Regulation 29.1.1; 29.1.1(a); 29.1.1(c); 29.2.1; 29.2.2; 29.3.1; 31.1.2(c); 31.2.5; 31.2.7(a); 32.1.1(a); 32.1.1(b); 32.1.1(c); 33.1.1; 33.1.3 |
| Companies Act 71 of 2008 | Section 45(2); 45(3)(a)(ii); 45(3)(b)(i); 45(3)(b)(ii); 45(4); 46(1)(a); 46(1)(b); 46(1)(c); 112(2)(a); 129(7) |
| Construction Industry Development Board Act 38 of 2000 | Section 18(1) |
| Construction Industry Development Board Regulations, 2004 | Regulation 17; 25(7A) |
| National Treasury Instruction No. 4 of 2015/16 | Paragraph 3.4 |
| National Treasury Instruction No. 5 of 2020/21 | Paragraph 4.8; 4.9; 5.3 |
| Second Amendment to National Treasury Instruction No. 5 of 2020/21 | Paragraph 1 |
| Erratum National Treasury Instruction No. 5 of 2020/21 | Paragraph 2 |
| National Treasury SCM Instruction No. 03 of 2021/22 | Paragraph 4.2 |
| National Treasury SCM Instruction No. 11 of 2020/21 | Paragraph 3.1; 3.4(b); 3.9 |
| Preferential Procurement Policy Framework Act 5 of 2000 | Section 1; 2.1(a); 2.1(f) |
| Preferential Procurement Regulations, 2022 | Paragraph 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4 |
| Preferential Procurement Regulations, 2017 | Paragraph 4.1; 4.2, 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; 6.6; 6.8; 7.1; 7.2; 7.3; 7.6; 7.8; 8.2; 8.5; 9.1; 10.1; 10.2; 11.1; 11.2 |
| Prevention and Combating of Corrupt Activities Act 12 of 2004 | Section 34(1) |

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Statement of Financial Position as at 31 March 2025

| Figures in Rand thousand | Note(s) | Group | | Company | |
|--|---------|------------------|--------------------|------------------|--------------------|
| | | 2025 | 2024 Restated * | 2025 | 2024 Restated * |
| Assets | | | | | |
| Non-Current Assets | | | | | |
| Property, plant and equipment | 3 | 96 029 | 90 072 | 44 248 | 43 721 |
| Right-of-use assets | 4 | 11 865 | 5 685 | 11 053 | 15 287 |
| Investment property | 5 | 1 509 904 | 1 384 530 | 1 424 104 | 1 298 730 |
| Intangible assets | 6 | 611 | 244 | 15 | 190 |
| Investments in subsidiaries | 7 | - | - | 23 012 | 23 012 |
| Investments in associates | 8 | 38 537 | 36 294 | 14 390 | 14 824 |
| Loans to group companies | 9 | - | - | 37 516 | 36 897 |
| Loans receivable (at amortised cost) | 10 | 57 033 | 25 565 | 57 033 | 25 565 |
| Investments at fair value | 11 | 33 206 | 27 613 | 31 177 | 26 147 |
| Deferred tax | 13 | - | 1 026 | - | - |
| Other Non-current Assets | 14 | 945 | - | 945 | - |
| | | 1 748 130 | 1 571 029 | 1 643 493 | 1 484 373 |
| Current Assets | | | | | |
| Loans receivable (at amortised cost) | 10 | 31 846 | 20 702 | 31 846 | 20 702 |
| Trade and other receivables | 12 | 34 409 | 28 871 | 32 247 | 26 850 |
| Current tax receivable | | 75 | 75 | - | - |
| Cash and cash equivalents | 15 | 319 051 | 435 635 | 258 345 | 362 343 |
| | | 385 381 | 485 283 | 322 438 | 409 895 |
| Total Assets | | 2 133 511 | 2 056 312 | 1 965 931 | 1 894 268 |
| Equity and Liabilities | | | | | |
| Equity | | | | | |
| Equity Attributable to Equity Holders of Parent | | | | | |
| Share capital | 16 | 427 590 | 427 590 | 427 590 | 427 590 |
| Reserves | 17 | 427 408 | 437 787 | 421 228 | 431 607 |
| Retained income | | 880 268 | 747 300 | 731 399 | 610 144 |
| | | 1 735 266 | 1 612 677 | 1 580 217 | 1 469 341 |
| Non-controlling interest | | 1 041 | 981 | - | - |
| | | 1 736 307 | 1 613 658 | 1 580 217 | 1 469 341 |
| Liabilities | | | | | |
| Non-Current Liabilities | | | | | |
| Loans from group companies | 18 | - | - | 50 990 | 47 683 |
| Borrowings | 19 | 567 | 20 000 | 567 | 20 000 |
| Lease liabilities | 4 | 3 352 | 607 | 7 575 | 11 583 |
| Retirement benefit obligation | 20 | 27 352 | 29 926 | 27 352 | 29 926 |
| Deferred income | 22 | 35 216 | 37 671 | - | - |
| | | 66 487 | 88 204 | 86 484 | 109 192 |

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Statement of Financial Position as at 31 March 2024

| | | Group | | Company | |
|-------------------------------------|---------|------------------|--------------------|------------------|--------------------|
| Figures in Rand thousand | Note(s) | 2025 | 2024 Restated * | 2025 | 2024 Restated * |
| Current Liabilities | | | | | |
| Trade and other payables | 23 | 108 109 | 97 113 | 100 559 | 90 492 |
| Lease liabilities | 4 | 661 | 551 | 5 575 | 5 251 |
| Deferred income | 22 | 220 547 | 256 720 | 191 762 | 219 992 |
| Current tax payable | | 66 | 66 | - | - |
| Other financial liabilities | 21 | 1 334 | - | 1 334 | - |
| | | 330 717 | 354 450 | 299 230 | 315 735 |
| Total Liabilities | | 397 204 | 442 654 | 385 714 | 424 927 |
| Total Equity and Liabilities | | 2 133 511 | 2 056 312 | 1 965 931 | 1 894 268 |

Eastern Cape Development Corporation
Consolidated Annual Financial Statements for the year ended 31 March 2025

Statement of Profit or Loss and Other Comprehensive Income

| Figures in Rand thousand | Note(s) | Group | | Company | |
|--|---------|-----------------|--------------------|-----------------|--------------------|
| | | 2025 | 2024 Restated * | 2025 | 2024 Restated * |
| Revenue | 24 | 98 099 | 109 463 | 86 890 | 98 680 |
| Interest revenue | 24 | 31 220 | 33 916 | 31 220 | 33 916 |
| Gross profit | | 129 319 | 143 379 | 118 110 | 132 596 |
| Government grants and Other operating income | 25&26 | 443 476 | 481 445 | 379 262 | 432 744 |
| Other operating gains (losses) | 27 | (4 480) | 102 | (4 972) | (339) |
| Other operating expenses | 28 | (528 280) | (592 618) | (458 499) | (538 138) |
| Operating profit (loss) | | 40 035 | 32 308 | 33 901 | 26 863 |
| Investment income | 31 | 26 985 | 30 689 | 24 279 | 29 840 |
| Finance costs | 32 | (4 795) | (3 236) | (6 064) | (4 977) |
| Income (losses) from equity accounted investments | 8 | 2 243 | 2 455 | (433) | - |
| Other non-operating gains (losses) | 33 | 69 630 | 23 904 | 69 572 | 23 904 |
| Profit (loss) before taxation | | 134 098 | 86 120 | 121 255 | 75 630 |
| Taxation | 34 | (1 068) | 133 | - | - |
| Profit (loss) for the year | | 133 030 | 86 253 | 121 255 | 75 630 |
| Other comprehensive income: | | | | | |
| Items that will not be reclassified to profit or loss: | | | | | |
| (Losses) gains on property revaluation | | (1 260) | 1 510 | (1 260) | 1 510 |
| Loss on valuation of investments in equity instruments | | (9 119) | - | (9 119) | - |
| Total items that will not be reclassified to profit or loss | | (10 379) | 1 510 | (10 379) | 1 510 |
| Other comprehensive income for the year net of taxation | 35 | (10 379) | 1 510 | (10 379) | 1 510 |
| Total comprehensive income (loss) for the year | | 122 651 | 87 763 | 110 876 | 77 140 |
| Profit (loss) attributable to: | | | | | |
| Owners of the parent | | 132 968 | 86 197 | 121 255 | 75 630 |
| Non-controlling interest | | 62 | 56 | - | - |
| | | 133 030 | 86 253 | 121 255 | 75 630 |
| Total comprehensive income (loss) attributable to: | | | | | |
| Owners of the parent | | 122 589 | 87 707 | 110 876 | 77 140 |
| Non-controlling interest | | 62 | 56 | - | - |
| | | 122 651 | 87 763 | 110 876 | 77 140 |



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Statement of Changes in Equity for the year ended 31 March 2025

| Figures in Rand thousand | Share capital | Revaluation reserve | Reserve for valuation of investments | Other NDR | Total reserves | Retained income | Total attributable to equity holders of the group / company | Non-controlling interest | Total equity |
|---|----------------|---------------------|--------------------------------------|----------------|-----------------|-----------------|---|--------------------------|------------------|
| Group | | | | | | | | | |
| Opening balance as previously reported | 427 590 | 28 920 | 23 092 | 384 265 | 436 277 | 647 843 | 1 511 710 | 925 | 1 512 635 |
| Adjustments | | | | | | | | | |
| Prior year errors (refer to note 42) | - | - | - | - | - | 13 260 | 13 260 | - | 13 260 |
| Restated* Balance at 01 April 2023 as restated | 427 590 | 28 920 | 23 092 | 384 265 | 436 277 | 661 103 | 1 524 970 | 925 | 1 525 895 |
| Profit for the year | - | - | - | - | - | 86 197 | 86 197 | 56 | 86 253 |
| Other comprehensive income | - | 1 510 | - | - | 1 510 | - | 1 510 | - | 1 510 |
| Total comprehensive income for the year | - | 1 510 | - | - | 1 510 | 86 197 | 87 707 | 56 | 87 763 |
| Balance at 01 April 2024 | 427 590 | 30 430 | 23 092 | 384 265 | 437 787 | 747 300 | 1 612 677 | 979 | 1 613 656 |
| Profit for the year | - | - | - | - | - | 132 968 | 132 968 | 62 | 133 030 |
| Other comprehensive income | - | (1 260) | (9 119) | - | (10 379) | - | (10 379) | - | (10 379) |
| Total comprehensive income for the year | - | (1 260) | (9 119) | - | (10 379) | 132 968 | 122 589 | 62 | 122 651 |
| Balance at 31 March 2025 | 427 590 | 29 170 | 13 973 | 384 265 | 427 408 | 880 268 | 1 735 266 | 1 041 | 1 736 307 |
| Note(s) | 16 | 17&35 | 17&35 | 17 | | 35 | | | |

* See Note 42

Eastern Cape Development Corporation
Consolidated Annual Financial Statements for the year ended 31 March 2025

Statement of Changes in Equity for the year ended 31 March 2025

| Figures in Rand thousand | Share capital | Revaluation reserve | Reserve for valuation of investments | Other NDR | Total reserves | Retained income | Total attributable to equity holders of the group / company | Non-controlling interest | Total equity |
|--|----------------|---------------------|--------------------------------------|----------------|-----------------|-----------------|---|--------------------------|------------------|
| Company | | | | | | | | | |
| Opening balance as previously reported | 427 590 | 22 740 | 23 092 | 384 265 | 430 097 | 522 895 | 1 380 582 | - | 1 380 582 |
| Adjustments | | | | | | | | | |
| Prior year errors (refer to note 42) | - | - | - | - | - | 11 619 | 11 619 | - | 11 619 |
| Restated* Balance at 01 April 2023 | 427 590 | 22 740 | 23 092 | 384 265 | 430 097 | 534 514 | 1 392 201 | - | 1 392 201 |
| Restated Loss for the year | - | - | - | - | - | 75 630 | 75 630 | - | 75 630 |
| Other comprehensive income | - | 1 510 | - | - | 1 510 | - | 1 510 | - | 1 510 |
| Total comprehensive income for the year | - | 1 510 | - | - | 1 510 | 75 630 | 77 140 | - | 77 140 |
| Balance at 01 April 2024 | 427 590 | 24 250 | 23 092 | 384 265 | 431 607 | 610 144 | 1 469 341 | - | 1 469 341 |
| Profit for the year | - | - | - | - | - | 121 255 | 121 255 | - | 121 255 |
| Other comprehensive income | - | (1 260) | (9 119) | - | (10 379) | - | (10 379) | - | (10 379) |
| Total comprehensive income for the year | - | (1 260) | (9 119) | - | (10 379) | 121 255 | 110 876 | - | 110 876 |
| Balance at 31 March 2025 | 427 590 | 22 990 | 13 973 | 384 265 | 421 228 | 731 399 | 1 580 217 | - | 1 580 217 |
| Note(s) | 16 | 17&35 | 17&35 | 17 | | 35 | | | |

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Statement of Cash Flows

| | | Group | | Company | |
|--|---------|------------------|--------------------|------------------|--------------------|
| | Note(s) | 2025 | 2024 Restated * | 2025 | 2024 Restated * |
| Figures in Rand thousand | | | | | |
| Cash flows from operating activities | | | | | |
| Cash (used) in/ generated from operations | 36 | (16 714) | 157 987 | (9 805) | 101 006 |
| Interest income | 31 | 25 700 | 30 555 | 21 208 | 27 917 |
| Dividends received | 31 | 1 137 | 134 | 1 137 | - |
| Finance costs | 32 | (1) | - | (1) | - |
| Tax paid | 37 | (42) | (613) | - | - |
| Net cash generated/ (used) in operating activities | | 10 080 | 188 063 | 12 539 | 128 923 |
| Cash flows from investing activities | | | | | |
| Purchase of property, plant and equipment | 3 | (9 498) | (11 444) | (3 152) | (1 671) |
| Proceeds from sale of property, plant and equipment | 3&27 | 47 | 24 | 35 | 10 |
| Cash additions to right of-use-assets | 4 | (4 163) | (4 735) | - | - |
| Purchases of investment property | 5 | (104 455) | (40 990) | (104 455) | (40 990) |
| Proceeds from sales of investment property | 5 | 26 723 | 31 792 | 26 723 | 31 792 |
| Purchases of intangible assets | 6 | (1 141) | (4) | - | - |
| Purchases of investments in associates (additional 8% shares in Cross-med) | 8 | - | (3 953) | - | (3 953) |
| Cash advanced in loans to group companies | 9 | - | - | (104) | (28) |
| Cash advanced in loans receivable (at amortised cost) | 10 | (91 730) | (47 183) | (91 730) | (47 183) |
| Cash receipts on repayments of loans receivable (at amortised cost) | 10 | 78 468 | 25 107 | 78 468 | 25 107 |
| Purchases of other Non-current assets | | (945) | - | (945) | - |
| Net cash (used) in/ generated from investing activities | | (106 694) | (51 386) | (95 160) | (36 916) |
| Cash flows from financing activities | | | | | |
| Cash advances received on loans from group companies | 18 | - | - | 3 307 | 6 946 |
| Cash repayments on lease liabilities | 4 | (537) | (567) | (5 251) | (4 945) |
| Repayments of other financial liabilities | 21 | (19 433) | (3 760) | (19 433) | (3 760) |
| Net cash from financing activities | | (19 970) | (4 327) | (21 377) | (1 759) |
| Total cash movement for the year | | (116 584) | 132 350 | (103 998) | 90 248 |
| Cash and cash equivalents at the beginning of the year | | 435 635 | 303 285 | 362 343 | 272 095 |
| Cash and cash equivalents at the end of the year | 15 | 319 051 | 435 635 | 258 345 | 362 343 |

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Accounting Policies

1. Material accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate consolidated annual financial statements are set out below.

1.1 Basis of preparation

The consolidated annual financial statements of the Eastern Cape Development Corporation have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Standards Interpretations Committee ("IFRS IC") interpretations issued and effective at the time of preparing these consolidated annual financial statements and the Public Finance Management Act (Act No.1 of 1999), as amended..

These consolidated annual financial statements comply with the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The consolidated annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the material accounting policies set out below.

Functional and presentation currency

These consolidated annual financial statements are presented in Rand, which is the Group's functional currency. All amounts are rounded to the nearest thousand, unless otherwise indicated.

Underlying assumptions

The consolidated annual financial statements are prepared on the going concern basis, which assumes that the Corporation will continue in operation for the foreseeable future. The consolidated annual financial statements are prepared using accrual accounting whereby the effects of transactions and other events are recognised when they occur rather than when the cash is received or paid. The owners of the Group or others do not have the power to amend the audited financial statements after they have been published.

Assets and liabilities and income and expenses are not offset unless specifically permitted by an accounting standard. Financial assets and financial liabilities are offset and the net amount reported only when a current legally enforceable right to set off the amounts exists and the intention is either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Changes in accounting policies are accounted for in accordance with the transitional provisions in the applicable standard. If no such guidance is given, they are applied retrospectively unless it is impracticable to do so, in which case the change is applied prospectively. Changes in accounting estimates are recognised in profit or loss in the period they occur. Prior period errors are retrospectively restated unless it is impracticable to do so, in which case they are applied prospectively.

Recognition of assets and liabilities

An asset, being a resource controlled by the corporation as a result of a past event from which future economic benefits are expected to flow, is recognised when it is probable that the future economic benefits associated with it will flow to the Group and its cost or fair value can be measured reliably. A liability, being a present obligation of the Group arising from a past event the settlement of which is expected to result in an outflow of resources embodying economic resources from the Group, is recognised when it is probable that future economic benefits associated with it will flow from the Group and its cost or fair value can be measured reliably.

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Accounting Policies

1.1 Basis of preparation (continued)

Derecognition of assets and liabilities

Financial assets or parts thereof are derecognised, i.e. removed from the Statement of Financial Position, when the contractual rights to receive the cash flows have been transferred or have expired or if substantially all the risks and rewards of ownership have passed. Where substantially all the risks and rewards of ownership have not been transferred or retained, the financial assets are derecognised if they are no longer controlled by the Group. However, if control is retained, financial assets are recognised only to the extent of the Group's continuing involvement in those assets.

All other assets are derecognised on disposal or when no future economic benefits are expected to flow to the Group from their use or disposal. Financial liabilities are derecognised when the relevant obligation has either been discharged or cancelled or has expired.

Events after reporting period

Recognised amounts in the consolidated annual financial statements are adjusted to reflect events arising after the statement of financial position date that provide evidence of conditions that existed at the statement of financial position date. Events after the statement of financial position date that are indicative of conditions that arose after the statement of financial position date are dealt with by way of a note. These accounting policies are consistent with the previous period.

1.2 Consolidation

Basis of consolidation

The consolidated annual financial statements incorporate the annual financial statements of the company and all subsidiaries. Subsidiaries are entities (including structured entities) which are controlled by the Group.

The Group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use of its power over the entity.

The results of subsidiaries are included in the consolidated annual financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the consolidated annual financial statements of subsidiaries to bring their accounting policies in line with those of the Group.

All inter-company transactions, balances, and unrealised gains on transactions between Group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the Group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions and are recognised directly in the Statement of Changes in Equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the company.

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Accounting Policies

1.2 Consolidation (continued)

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

1.3 Investments in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but has no control or joint control over those policies. It generally accompanies a shareholding of between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method, except when the investment is classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associates are carried in the Statement of Financial Position at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate, less any impairment losses.

The Group's share of post-acquisition profit or loss is recognised in profit or loss, and its share of movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. Losses in an associate in excess of the Group's interest in that associate, including any other unsecured receivables, are recognised only to the extent that the Group has incurred a legal or constructive obligation to make payments on behalf of the associate.

Distributions received from the associate reduce the carrying amount of the investment.

Any goodwill on acquisition of an associate is included in the carrying amount of the investment, however, a gain on acquisition is recognised immediately in profit or loss.

Profits or losses on transactions between the Group and an associate are eliminated to the extent of the Group's interest therein. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group reduces its level of significant influence or loses significant influence, the Group proportionately reclassifies the related items which were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured to fair value, with the fair value adjustment being recognised in profit or loss as part of the gain or loss on disposal.

1.4 Investment property

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

Investment property is held for long-term rental yields or for capital appreciation or both and comprises properties not occupied by the Group. Hotel buildings held by the Group are classified as investment property as the Group is not involved in the hotel operations.

Accounting Policies

1.4 Investment property (continued)

Investment properties are initially recognised at cost, including transaction costs, and are subsequently stated at fair value determined by an independent sworn appraiser, every third year. It must be noted that investment properties with market values equal to or less than R100 thousand are valued every five years. Management reviews these valuations for reasonability and adjustments are made where it is deemed to be necessary.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Fair value

Subsequent to initial measurement investment property is measured at fair value.

A gain or loss arising from a change in fair value is included in net profit or loss for the period in which it arises.

If the fair value of investment property under construction is not determinable, it is measured at cost until the earlier of the date it becomes determinable or construction is complete.

1.5 Property, plant and equipment

Property, plant and equipment are tangible assets which the Group holds for its own use or for rental to others and which are expected to be used for more than one year.

Owner-occupied properties are held for administrative purposes and are recognised and measured as property, plant and equipment.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Group, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Subsequent to initial recognition, property, plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses, except for land and buildings which are stated at revalued amounts. The revalued amount is the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

When an item of property, plant and equipment is revalued, the gross carrying amount is adjusted consistently with the revaluation of the carrying amount. The accumulated depreciation at that date is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

Any increase in an asset’s carrying amount, as a result of a revaluation, is recognised in other comprehensive income and accumulated in the revaluation reserve in equity. The increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

Any decrease in an asset’s carrying amount, as a result of a revaluation, is recognised in profit or loss in the current year. The decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in the revaluation reserve in equity.

Accounting Policies

1.5 Property, plant and equipment (continued)

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset’s carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset’s economic benefits are consumed by the Group. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

| Item | Depreciation method | Average useful life |
|-------------------------------------|-------------------------|---------------------|
| Land | Land is not depreciated | Indefinite |
| Right-of-use-assets | Straight line | 3-5 years |
| Furniture and fixtures | Straight line | 6-10 years |
| Motor vehicles | Straight line | 4-5 years |
| Office equipment | Straight line | 4-6 years |
| IT equipment | Straight line | 3 years |
| Computer software | Straight line | 2-3 years |
| Leasehold improvements | Straight line | 5-20 years |
| Buildings | Straight line | 25-50 years |
| Plant and machinery | Straight line | 5-20 years |
| Other property, plant and equipment | Straight line | 5-6 years |

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Cost versus benefit is considered when making a decision whether to assess useful lives or calculate residual values.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.6 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Accounting Policies

1.6 Intangible assets (continued)

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

| Item | Amortisation method | Average useful life |
|-------------------|---------------------|---------------------|
| Computer software | Straight line | 1-5 years |

1.7 Investments in subsidiaries

Investments in subsidiaries are carried at cost less any accumulated impairment losses. This excludes investments which are held for sale and are consequently accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Subsidiaries are entities, including unincorporated partnerships and companies without a share capital, that are controlled by the Group. Control exists where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Consolidated annual financial statements

The consolidated annual financial statements incorporate the assets, liabilities, income, expenses and cash flows of the Corporation and its subsidiaries. The results of the subsidiaries acquired or disposed during the year are included from the date of acquisition or up to the date of disposal. Inter-company transactions and balances are eliminated on consolidation.

Corporation annual financial statements

The cost of an investment in a subsidiary is the aggregate of the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Corporation, plus any costs directly attributable to the purchase of the subsidiary. The corporation annual financial statements are reflected under the "Company headings" in the statements.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Accounting Policies

1.8 Investments in associates

Consolidated annual financial statements

An investment in an associate is accounted for using the equity method, except when the asset is classified as held-for-sale in accordance with IFRS 5: Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the Group's share of the profits or losses of the investee after acquisition date. The use of the equity method is discontinued from the date the

Group ceases to have significant influence over an associate.

Any impairment losses are deducted from the carrying amount of the investment in associate. Distributions received from the associate reduce the carrying amount of the investment.

Profits and losses resulting from transactions with associates are recognised only to the extent of unrelated investors' interests in the associate.

The excess of cost of acquisition over the Group's interest in the net fair value of an associate's identifiable assets, liabilities and contingent liabilities is accounted for as goodwill, and is included in the carrying amount of the associate. Amortisation of that goodwill is not permitted.

Any excess of the entity's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Corporation annual financial statements

An investment in an associate is accounted for using the equity method, except when the asset is classified as held-for-sale in accordance with IFRS 5: Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the Corporation's share of the profits or losses of the investee after acquisition date. The use of the equity method is discontinued from the date the Corporation ceases to have significant influence over an associate.

Any impairment losses are deducted from the carrying amount of the investment in associate. Distributions received from the associate reduce the carrying amount of the investment.

Profits and losses resulting from transactions with associates are recognised only to the extent of unrelated investors' interests in the associate.

The excess of cost of acquisition over the Group's interest in the net fair value of an associate's identifiable assets, liabilities and contingent liabilities is accounted for as goodwill, and is included in the carrying amount of the associate. Amortisation of that goodwill is not permitted.

Any excess of the entity's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Accounting Policies

1.9 Financial Instruments

Financial instruments held by the Group are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the Group, as applicable, are as follows:

Financial assets which are debt instruments

Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or

Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or

Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify at amortised cost or at fair value through other comprehensive income); or

Designated at fair value through profit or loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

Financial assets which are equity instruments

- Mandatorily at fair value through profit or loss; or
- Designated at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

Financial liabilities

- Amortised cost; or
- Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a Group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

Note 43 Financial instruments and risk management presents the financial instruments held by the Group based on their specific classifications.

Loans receivable at amortised cost

Classification

Loans advanced and trade receivables are classified as financial assets and are subsequently measured at amortised cost.

They have been classified in this manner because the contractual terms of these loans give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Group's business model is to collect the contractual cash flows on these loans.

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Accounting Policies

1.9 Financial Instruments (continued)

Recognition and measurement

Loans receivable are recognised when the Group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the loan initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Application of the effective interest method

Interest income is calculated using the effective interest method, and is included in profit or loss in investment income (note 31).

The application of the effective interest method to calculate interest income on a loan receivable is dependent on the credit risk of the loan as follows:

- The effective interest rate is applied to the gross carrying amount of the loan, provided the loan is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a loan is purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the loan, even if it is no longer credit-impaired.
- If a loan was not purchased or originally credit-impaired, however it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the loan in the determination of interest. If, in subsequent periods, the loan is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Impairment

The Group recognises a loss allowance for expected credit losses on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans.

The Group measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12 month expected credit losses (12 month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the Group considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

Definition of default

For purposes of internal credit risk management, the Group consider that a default event has occurred if there is either a breach of financial covenants by the counterparty, or if internal or external information indicates that the counterparty is unlikely to pay its creditors in full (without taking collateral into account).

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Accounting Policies

1.9 Financial instruments (continued)

Irrespective of the above analysis, the Group considers that default has occurred when a loan instalment is more than 90 days past due date unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Write off policy

The Group writes off a loan when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Loans written off may still be subject to enforcement activities under the Group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. The exposure at default is the gross carrying amount of the loan at the reporting date.

Lifetime ECL is measured on a collective basis in cases where evidence of significant increases in credit risk are not yet available at the individual instrument level. Loans are then grouped in such a manner that they share similar credit risk characteristics, such as nature of the loan, external credit ratings (if available), industry of counterparty etc.

The grouping is regularly reviewed by management to ensure the constituents of each Group continue to share similar credit risk characteristics.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12 month ECL at the current reporting date, and visa versa.

An impairment gain or loss is recognised for all loans in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance.

Credit risk

Details of credit risk related to loans receivable are included in the specific notes and the financial instruments and risk management (note 43).

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 12).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Group's business model is to collect the contractual cash flows on trade and other receivables.

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Accounting Policies

1.9 Financial instruments (continued)

Recognition and measurement

Trade and other receivables are recognised when the Group becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Application of the effective interest method

For receivables which contain a significant financing component, interest income is calculated using the effective interest method, and is included in profit or loss in investment income (note 31).

The application of the effective interest method to calculate interest income on trade receivables is dependent on the credit risk of the receivable as follows:

- The effective interest rate is applied to the gross carrying amount of the receivable, provided the receivable is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a receivable is a purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the receivable, even if it is no longer credit-impaired.
- If a receivable was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the receivable in the determination of interest. If, in subsequent periods, the receivable is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Impairment

The Group recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The Group measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Measurement and recognition of expected credit losses

The Group makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in note 12.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 28).

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Accounting Policies

1.9 Financial instruments (continued)

Write off policy

The Group writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the Group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Credit risk

Details of credit risk are included in the trade and other receivables note (note 12) and the financial instruments and risk management note (note 43).

Investments in equity instruments

Classification

Investments in equity instruments are presented in note 11. The Group has elected to measure certain investments in equity instruments at fair value through other comprehensive income.

Other unlisted investments are stated at fair value through profit or loss. Fair value gains or losses recognised on investments at fair value through profit or loss are included in other non-operating gains (losses).

The classification as investment is determined by the intention to keep the investment on a long term basis.

Recognition and measurement

Investments in equity instruments are recognised when the Group becomes a party to the contractual provisions of the instrument. The investments are measured, at initial recognition, at cost. Transaction costs are added to the initial carrying amount for those investments which have been designated as at fair value through other comprehensive income. All other transaction costs are recognised in profit or loss.

Investments in equity instruments are subsequently measured at fair value with changes in fair value recognised either in profit or loss or in other comprehensive income (and accumulated in equity in the reserve for valuation of investments) , depending on their classification. The valuation method of unlisted investments is based on either discounted free cash flows or earning before interest, tax, depreciation and amortisation.

Investments that are held to collect contractual cash flows or previously held to maturity are subsequently measured at amortised cost.

Fair value gains or losses recognised on investments at fair value through profit or loss are included in other non-operating gains (losses) (note 33).

Dividends received on equity investments are recognised in profit or loss when the Group's right to received the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in investment income (note 31).

Impairment

Certain investments in equity instruments are not subject to impairment provisions.

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Accounting Policies

1.9 Financial instruments (continued)

Investments in debt instruments at fair value through profit or loss

Borrowings and loans from related parties

Classification

Loans from group companies, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

Borrowings and loans from related parties are recognised when the Group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs (note 32.)

Borrowings expose the Group to liquidity risk and interest rate risk. Refer to note 43 for details of risk exposure and management thereof.

Trade and other payables

Classification

Trade and other payables, excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the Group becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 32).

Trade and other payables expose the Group to liquidity risk and possibly to interest rate risk. Refer to note 43 for details of risk exposure and management thereof.

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Accounting Policies

1.9 Financial instruments (continued)

Financial liabilities at amortised cost

Classification

Financial liabilities which are held for trading are classified as financial liabilities mandatorily at fair value through profit or loss.

When a financial liability is contingent consideration in a business combination, the Group classifies it as a financial liability at fair value through profit or loss.

The Group, does, from time to time, designate certain financial liabilities as at fair value through profit or loss. The reason for the designation is to reduce or significantly eliminate an accounting mismatch which would occur if the instruments were not classified as such; or if the instrument forms part of a Group of financial instruments which are managed and evaluated on a fair value basis in accordance with a documented management strategy; or in cases where it forms part of a contract containing an embedded derivative and IFRS 9 permits the entire contract to be measured at fair value through profit or loss.

Recognition and measurement

Financial liabilities at fair value through profit or loss are recognised when the Group becomes a party to the contractual provisions of the instrument. They are measured, at initial recognition and subsequently, at fair value. Transaction costs are recognised in profit or loss.

For financial liabilities designated at fair value through profit or loss, the portion of fair value adjustments which are attributable to changes in the Group's own credit risk, are recognised in other comprehensive income and accumulated in equity in the reserve for valuation of liabilities, rather than in profit or loss. However, if this treatment would create or enlarge an accounting mismatch in profit or loss, then that portion is also recognised in profit or loss.

Interest paid on financial liabilities at fair value through profit or loss is included in finance costs.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank overdrafts

Bank overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Reclassification

Financial assets

The Group reclassifies all financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.

The reclassification date is the beginning of the first reporting period following the change in business model which necessitates a reclassification.

Financial liabilities

Financial liabilities are not reclassified.

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Accounting Policies

1.10 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities/ (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax asset is recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.11 Leases

The Corporation assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered for a period of time in exchange for consideration. To this end, control over the use of an identified asset only exists when the Corporation has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Accounting Policies

1.11 Leases (continued)

Group as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the Group is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense (note 28) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

However as an exception to the preceding paragraph, the Group has elected not to separate the non-lease components for leases of land and buildings. This is considered as the practical expedient.

Details of leasing arrangements where the Group is a lessee are presented in note 4 Leases (Group as lessee).

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the right of use asset comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the Group under residual value guarantees;
- the exercise price of purchase options, if the Group is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note 26).

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 32).

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the Group will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Accounting Policies

1.11 Leases (continued)

- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use assets

Right-of-use assets are presented as a separate line item on the Statement of Financial Position.

Lease payments included in the measurement of the lease liability comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the Group incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment. Refer to the accounting policy for property, plant and equipment for details of useful lives.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Group as lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Lease classification is made at inception and is only reassessed if there is a lease modification.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described previously, then it classifies the sub-lease as an operating lease.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated by applying IFRS 15 Revenue from contracts with customers.

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Accounting Policies

1.11 Leases (continued)

Operating leases

Lease payments from operating leases are recognised on a straight-line basis over the term of the relevant lease, or on another systematic basis if that basis is more representative of the pattern in which the benefits from the use of the underlying asset are diminished. Operating lease income is included in other operating income (note 26).

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and are expensed over the lease term on the same basis as the lease income.

Modifications made to operating leases are accounted for as a new lease from the effective date of the modification. Any prepaid or accrued lease payments relating to the original lease are treated as part of the lease payments of the new lease.

1.12 Non-current assets (disposal groups) held for sale

Non-current assets and disposal Groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal Group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets and disposal Groups are classified as held for distribution to owners when the entity is committed to distribute the asset or disposal Group to the owners. This condition is regarded as met only when the distribution is highly probable and the asset (or disposal Group) is available for immediate distribution in its present condition, provided the distribution is expected to be completed within one year from the classification date.

Non-current assets (or disposal Groups) held for sale (distribution to owners) are measured at the lower of their carrying amount and fair value less costs to sell (distribute).

A non-current asset is not depreciated (or amortised) while it is classified as held for sale (held for distribution to owners), or while it is part of a disposal Group classified as such.

Interest and other expenses attributable to the liabilities of a disposal Group classified as held for sale (distribution to owners) are recognised in profit or loss.

1.13 Impairment of assets

An impairment loss on an asset or cash-generating unit is the amount by which the carrying amount, i.e. the amount recognised on the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses exceeds its recoverable amount. The recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use. Value in use is the present value of future cash flows expected to be derived from an asset or cash-generating unit.

At each reporting date the carrying amount of the tangible and intangible assets are assessed to determine whether there is any indication that those assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of the cash-generating unit to which the asset belongs is estimated. Value in use is estimated taking into account future cash flows, forecast market conditions and the expected useful lives of the assets.

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Accounting Policies

1.13 Impairment of assets (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount is reduced to the higher of its recoverable amount and zero. Impairment losses are recognised in profit or loss. The loss is first allocated to reduce the carrying amount of goodwill and then to the other assets of the cash-generating unit.

Subsequent to the recognition of an impairment loss, the depreciation or amortisation charge for the asset is adjusted to allocate its remaining carrying value, less any residual value, over its remaining useful life.

If an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, limited to the carrying amount that would have been recognised had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised in profit or loss.

Impairment loss on revalued assets is recognised in other comprehensive income to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Such an impairment loss on a revalued asset reduces the revaluation surplus for that asset.

1.14 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary share capital, preference share capital or any financial instrument issued by the Group is classified as equity when:

- Payment of cash, in the form of a dividend or redemption, is at the discretion of the Group;
- The instrument does not provide for the exchange of financial instruments under conditions that are potentially unfavourable to the Group;
- Settlement in the Group's own equity instruments is for a fixed number of equity instruments at a fixed price; and
- The instrument represents a residual interest in the assets of the Group after deducting all of its liabilities.

The Group's ordinary share capital is classified as equity.

Consideration paid or received for equity instruments is recognised directly in equity. Equity instruments are initially measured at the proceeds received less incremental directly attributable issue costs. No gain is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's equity instruments.

When the Group issues a compound instrument, i.e. an instrument that contains both a liability and equity component, the equity component is initially measured at the residual amount after deducting from the fair value of the compound instrument the amount separately determined for the liability component. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components of the instrument in proportion to the allocation of proceeds.

Distributions to holders of equity instruments are recognised as dividends within equity in the period in which they are payable. Dividends for the year that are declared after the statement of financial position date are disclosed in the notes.

1.15 Employee benefits

Short-term employee benefits

Employee benefits cost include all forms of consideration given in exchange for services rendered by employees. The cost of providing employee benefits is recognised in profit or loss in the period they are earned by employees. The cost of short term employee benefits is recognised in the period in which the service is rendered and is not discounted.

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Accounting Policies

1.15 Employee benefits (continued)

The expected cost of short-term accumulating compensated absences is recognised as an expense as the employees render service that increases their entitlement or, in the case of non-accumulating absences, when the absences occur.

The expected cost of performance bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Post-employment benefit obligations

The cost of providing defined benefits is determined using the projected unit credit method. Valuations are conducted annually. The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses.

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected unit credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to the end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial year, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in profit or loss over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Actuarial gains and losses are recognised in the year in which they arise, in other comprehensive income.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the Group is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In profit or loss, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Accounting Policies

1.16 Government grants and deferred income

Government includes government agencies and similar bodies whether local, national or international. Government assistance is action by government designed to provide an economic benefit specific to an entity or range of entities qualifying under certain criteria. A government grant is assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. They exclude those forms of government assistance which cannot reasonably have a value placed upon them and transactions with government which cannot be distinguished from normal trading transactions of the entity.

When the conditions attaching to government grants have been met and the grants have been received, they are recognised in profit or loss on a systematic basis over the periods necessary to match them with the related costs. When they are accounting for expenses or losses already incurred, they are recognised in profit or loss immediately. The unrecognised portion of project spend at the statement of financial position date is presented as deferred income. No value is recognised for other government assistance.

Government grants are recognised when there is reasonable assurance that:

- the Group will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or surplus already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

1.17 Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods, services provided in the normal course of business, net of value added tax. Interest is recognised, in profit or loss, using the effective interest rate method.

The Group recognises revenue from the following major sources:

- Interest on loans
- Administration and other fees

Revenue from operating leases

Interest is recognised, in profit or loss, using the effective interest rate method.

Operating lease income is recognised as income on a straight-line basis over the lease term, net of value added tax.

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Accounting Policies

1.18 Key assumptions concerning the future and key sources of estimation

The consolidated annual financial statements are prepared in accordance with and comply with International Financial Reporting Standards (IFRS) and its interpretations adopted by the Accounting Practices Board. In the preparation of the consolidated annual financial statements, management has made judgements and estimates that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses, as set out below:

Credit impairment of loans and advances

The Group recognises a loss allowance for expected credit losses on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans.

The Group measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12 month expected credit losses (12 month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the Group considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

Provisions, contingent liabilities and contingent assets

Provisions

Provisions are recognised when:

- The Corporation has a present legal or constructive obligation as a result of past events.
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.
- A reliable estimate of the obligation can be made.

Provisions are measured at the present value of expenditure expected to be required to settle the obligation using pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Provisions are not recognised for future operating losses. The increase in the provision due to passage of time is recognised as interest expense.

Contingent liabilities

Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. The Group, in the ordinary course of business, enters into transactions that expose the Group to tax, legal and business risks. Contingent liabilities are not recognised in the Statement of Financial Position but are disclosed in the notes to achieve fair presentation, unless the possibility of any outflow in settlement is remote.

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Accounting Policies

1.18 Key assumptions concerning the future and key sources of estimation (continued)

Contingent assets

Contingent assets are disclosed where an inflow of economic benefits is probable. When the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

1.19 Interest bearing borrowing and borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.20 Irregular Expenditure

Irregular expenditure as defined in section 1 of the Public Finance Management Act 1 of 1999 (PFMA) is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including:

- a) PFMA, or
- b) any provincial legislation providing for procurement procedures in that provincial government

National Treasury instruction note no. 4 of 2022/2023 requires the following:

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law.

Immediate steps must thereafter be taken to recover the amount from the person concerned. The irregular expenditure register must also be updated accordingly.

Accounting Policies

1.20 Irregular Expenditure (continued)

If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant expenditure item, and updated accordingly in the irregular expenditure register.

Irregular expenditure is expenditure that is contrary to the PFMA or is in contravention of the economic entity’s supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Profit or Loss and Other Comprehensive Income and where recovered, it is subsequently accounted for as revenue in the Statement of Statement of Profit or Loss and Other Comprehensive Income.

1.21 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as income in the Statement of Profit or Loss and Other Comprehensive Income.

Notes to the Consolidated Annual Financial Statements

| | Group | | Company | |
|--------------------------|-------|--------------------|---------|--------------------|
| Figures in Rand thousand | 2025 | 2024 Restated * | 2025 | 2024 Restated * |

2. New Standards and Interpretations

2.1 Standards and interpretations not yet effective

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group’s accounting periods beginning on or after 01 April 2025 or later periods:

| Standard/ Interpretation: | Effective date:Years beginning on or after | Expected impact: |
|---|---|--|
| • IFRS 19 Subsidiaries without Public Accountability: Disclosures | 01 January 2027 | Unlikely there will be a material impact |
| • IFRS 18 Presentation and Disclosure in Financial Statements | 01 January 2027 | Unlikely there will be a material impact |
| • Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards. | 01 January 2026 | Unlikely there will be a material impact |
| • Amendments to IFRS 7 Financial Instruments: Disclosures | 01 January 2026 | Unlikely there will be a material impact |
| • Amendments to IFRS 9 Financial Instruments | 01 January 2026 | Unlikely there will be a material impact |
| • Amendments to IFRS 10 Consolidated Financial Statements | 01 January 2026 | Unlikely there will be a material impact |
| • Amendments to IAS 7 Statement of Cash flows | 01 January 2026 | Unlikely there will be a material impact |
| • Amendments to IFRS 9 and IFRS 7: Amendments to the Classification and Measurement of Financial Instruments. | 01 January 2026 | Unlikely there will be a material impact |
| • The Effects of Changes in Foreign Exchange Rates - amendments to IAS 21 | 01 January 2025 | Unlikely there will be a material impact |

Eastern Cape Development Corporation
Consolidated Annual Financial Statements for the year ended 31 March 2025

Notes to the Consolidated Annual Financial Statements

| Figures in Rand thousand | Group | | Company | |
|--------------------------|-------|------------|---------|------------|
| | 2025 | 2024 | 2025 | 2024 |
| | | Restated * | | Restated * |

3. Property, plant and equipment

| Group | 2025 | | | 2024 | | |
|-------------------------------------|---------------------|--------------------------|----------------|---------------------|--------------------------|----------------|
| | Cost or revaluation | Accumulated depreciation | Carrying value | Cost or revaluation | Accumulated depreciation | Carrying value |
| Land | 4 565 | - | 4 565 | 4 565 | - | 4 565 |
| Buildings | 82 666 | (12 863) | 69 803 | 82 472 | (11 562) | 70 910 |
| Plant and machinery | 12 051 | (129) | 11 922 | - | - | - |
| Furniture and fixtures | 7 211 | (3 544) | 3 667 | 4 593 | (3 063) | 1 530 |
| Motor vehicles | 741 | (370) | 371 | 925 | (369) | 556 |
| Office equipment | 1 935 | (1 885) | 50 | 2 148 | (1 897) | 251 |
| IT equipment | 15 709 | (11 854) | 3 855 | 12 728 | (9 602) | 3 126 |
| Other property, plant and equipment | 1 796 | (820) | 976 | 611 | (607) | 4 |
| Capital - Work in progress | 820 | - | 820 | 9 130 | - | 9 130 |
| Total | 127 494 | (31 465) | 96 029 | 117 172 | (27 100) | 90 072 |

| Company | 2025 | | | 2024 | | |
|-------------------------------------|---------------------|--------------------------|----------------|---------------------|--------------------------|----------------|
| | Cost or revaluation | Accumulated depreciation | Carrying value | Cost or revaluation | Accumulated depreciation | Carrying value |
| Land | 3 265 | - | 3 265 | 3 265 | - | 3 265 |
| Buildings | 47 866 | (12 863) | 35 003 | 47 672 | (11 562) | 36 110 |
| Furniture and fixtures | 5 486 | (3 427) | 2 059 | 4 481 | (2 991) | 1 490 |
| Motor vehicles | 741 | (370) | 371 | 925 | (369) | 556 |
| Office equipment | 1 790 | (1 780) | 10 | 2 003 | (1 804) | 199 |
| IT equipment | 12 766 | (10 202) | 2 564 | 10 675 | (8 578) | 2 097 |
| Other property, plant and equipment | 1 784 | (808) | 976 | 599 | (595) | 4 |
| Total | 73 698 | (29 450) | 44 248 | 69 620 | (25 899) | 43 721 |



Postnet Butterworth

Notes to the Consolidated Annual Financial Statements

| | Group | | Company | |
|--------------------------|-------|------|---------|------|
| Figures in Rand thousand | 2025 | 2024 | 2025 | 2024 |

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2025

| | Opening balance | Additions | Disposals | Transfers | Revaluations | Depreciation | Total |
|-------------------------------------|-----------------|-----------|-----------|-----------|--------------|--------------|--------|
| Land | 4 565 | - | - | - | - | - | 4 565 |
| Buildings | 70 910 | - | - | 1 454 | (1 260) | (1 301) | 69 803 |
| Plant and machinery | - | 3 740 | - | 8 311 | - | (129) | 11 922 |
| Furniture and fixtures | 1 530 | 2 709 | (23) | 1 | - | (550) | 3 667 |
| Motor vehicles | 556 | - | - | - | - | (185) | 371 |
| Office equipment | 251 | - | - | 1 | - | (202) | 50 |
| IT equipment | 3 126 | 3 049 | (2) | (1) | - | (2 317) | 3 855 |
| Other property, plant and equipment | 4 | - | - | 1 220 | - | (248) | 976 |
| Capital - Work in progress | 9 130 | - | - | (8 310) | - | - | 820 |
| | 90 072 | 9 498 | (25) | 2 676 | (1 260) | (4 932) | 96 029 |

Reconciliation of property, plant and equipment - Group - 2024

| | Opening balance | Additions | Disposals | Revaluations | Depreciation | Total |
|-------------------------------------|-----------------|-----------|-----------|--------------|--------------|--------|
| Land | 4 565 | - | - | - | - | 4 565 |
| Buildings | 70 729 | - | - | 1 511 | (1 330) | 70 910 |
| Furniture and fixtures | 1 430 | 538 | (5) | - | (433) | 1 530 |
| Motor vehicles | - | 741 | - | - | (185) | 556 |
| Office equipment | 534 | 9 | (1) | - | (291) | 251 |
| IT equipment | 5 001 | 1 026 | (9) | - | (2 892) | 3 126 |
| Other property, plant and equipment | 16 | - | - | - | (12) | 4 |
| Capital - Work in progress | - | 9 130 | - | - | - | 9 130 |
| | 82 275 | 11 444 | (15) | 1 511 | (5 143) | 90 072 |

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2025

Notes to the Consolidated Annual Financial Statements

| Figures in Rand thousand | Group | | Company | |
|--------------------------|-------|------|---------|------|
| | 2025 | 2024 | 2025 | 2024 |

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Company - 2025

| | Opening balance | Additions | Transfers | Revaluations | Depreciation | Total |
|-------------------------------------|-----------------|-----------|-----------|--------------|--------------|--------|
| Land | 3 265 | - | - | - | - | 3 265 |
| Buildings | 36 110 | - | 1 454 | (1 260) | (1 301) | 35 003 |
| Furniture and fixtures | 1 490 | 1 014 | 1 | - | (446) | 2 059 |
| Motor vehicles | 556 | - | - | - | (185) | 371 |
| Office equipment | 199 | - | 1 | - | (190) | 10 |
| IT equipment | 2 097 | 2 138 | - | - | (1 671) | 2 564 |
| Other property, plant and equipment | 4 | - | 1 220 | - | (248) | 976 |
| | 43 721 | 3 152 | 2 676 | (1 260) | (4 041) | 44 248 |

Reconciliation of property, plant and equipment - Company - 2024

| | Opening balance | Additions | Disposals | Revaluations | Other changes, movements | Depreciation | Total |
|-------------------------------------|-----------------|-----------|-----------|--------------|--------------------------|--------------|--------|
| Land | 3 265 | - | - | - | - | - | 3 265 |
| Buildings | 35 929 | - | - | 1 511 | - | (1 330) | 36 110 |
| Furniture and fixtures | 1 379 | 538 | (5) | - | - | (422) | 1 490 |
| Motor vehicles | - | 741 | - | - | - | (185) | 556 |
| Office equipment | 457 | 8 | - | - | - | (266) | 199 |
| IT equipment | 4 197 | 384 | - | - | 1 | (2 485) | 2 097 |
| Other property, plant and equipment | 13 | - | - | - | - | (9) | 4 |
| | 45 240 | 1 671 | (5) | 1 511 | 1 | (4 697) | 43 721 |

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Notes to the Consolidated Annual Financial Statements

| Figures in Rand thousand | Group | | Company | |
|--------------------------|-------|------------|---------|------------|
| | 2025 | 2024 | 2025 | 2024 |
| | | Restated * | | Restated * |

3. Property, plant and equipment (continued)

Revaluations

The Group's land and buildings are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and accumulated impairment losses. Revaluations are performed every 3 years and in intervening years if the carrying amount of the land and buildings differs materially from their fair value.

The fair value measurements as of 31 March 2025 were performed by independent valuers not related to the Group. The valuers utilised by the Group are members of the Institute of Valuers and they have the appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations.

Refer to note 44 for specific details regarding the valuation of the land and buildings. The carrying value of the revalued assets under the cost model would have been:

| | | | | |
|--|--------|--------|--------|--------|
| Office Buildings | 15 652 | 16 950 | 15 652 | 16 950 |
| Other information | | | | |
| Fully depreciated property, plant and equipment still in use | 2 | 2 | 2 | 2 |

Details of property, plant and equipment

Registers with details of land and buildings are available for inspection by shareholders or their duly authorised representatives at the registered office of the Corporaton and its respective subsidiaries.

4. Right of use assets / Leases (Group and company as lessee)

The Eastern Cape Development Corporation (ECDC) leases a property owned by a subsidiary, Cimvest SOC Ltd. The property is situated in East London and is utilised as the ECDC Head Office building. The lease has a five-year term, with a renewal date of 01 January 2027. A lease liability related to this lease has been recognised and measured at the present value of future lease payments, discounted at an incremental borrowing rate of 10.50%. There is no significant option for an extension or early termination included in the lease agreement, therefore this has not been included in the assessment of the lease term. The remaining lease period on the building without considering options to extend or terminate is 33 months.

ECDC Gqeberha region leases its property from SKG Africa (Pty) Ltd a company that is outside ECDC group. The building is used for office and administration purposes by the regional office of ECDC. The lease commenced on the 1st of June 2021 and it is for a period of 5 years. The lease was accounted for in terms of IFRS 16 .

The group also leases multi purpose office machines (copiers / printers). The terms for these leases range from three months to three years. These leases are short term and / or leases of low value items.

Details pertaining to leasing arrangements, where the Group is lessee are presented below:

| Group | 2025 | | | 2024 | | |
|------------------------|---------------|--------------------------|----------------|--------------|--------------------------|----------------|
| | Cost | Accumulated depreciation | Carrying value | Cost | Accumulated depreciation | Carrying value |
| | | | | | | |
| Buildings | 5 090 | (1 667) | 3 423 | 1 982 | (1 123) | 859 |
| Office equipment | 140 | (77) | 63 | 140 | (49) | 91 |
| Leasehold improvements | 8 898 | (519) | 8 379 | 4 735 | - | 4 735 |
| Total | 14 128 | (2 263) | 11 865 | 6 857 | (1 172) | 5 685 |

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Notes to the Consolidated Annual Financial Statements

| Figures in Rand thousand | Group | | Company | |
|--------------------------|-------|------------|---------|------------|
| | 2025 | 2024 | 2025 | 2024 |
| | | Restated * | | Restated * |

4. Right of use assets / Leases (Group and company as lessee) (continued)

| Company | 2025 | | | 2024 | | |
|-----------|--------|--------------------------------|----------------|--------|--------------------------|----------|
| | Cost | Accumulated value depreciation | Carrying value | Cost | Accumulated depreciation | Carrying |
| Buildings | 21 210 | (10 157) | 11 053 | 21 210 | (5 923) | 15 287 |

Net carrying amounts of right-of-use assets

The carrying amounts of right-of-use assets are as follows:

| | | | | |
|------------------------|---------------|--------------|---------------|---------------|
| Buildings | 3 423 | 859 | 11 053 | 15 287 |
| Office equipment | 63 | 91 | - | - |
| Leasehold improvements | 8 379 | 4 735 | - | - |
| | 11 865 | 5 685 | 11 053 | 15 287 |

Additions to right-of-use assets

| | | | | |
|------------------------|--------------|--------------|----------|----------|
| Buildings | 3 108 | - | - | - |
| Leasehold improvements | 4 163 | 4 735 | - | - |
| | 7 271 | 4 735 | - | - |

Depreciation recognised on right-of-use assets

Depreciation recognised on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss (note 28), as well as depreciation which has been capitalised to the cost of other assets.

| | | | | |
|------------------------|--------------|------------|--------------|--------------|
| Buildings | 544 | 462 | 4 234 | 4 301 |
| Office equipment | 28 | 28 | - | - |
| Leasehold improvements | 519 | - | - | - |
| | 1 091 | 490 | 4 234 | 4 301 |

Other disclosures

| | | | | |
|---------------------------------------|-----|-----|-------|-------|
| Interest expense on lease liabilities | 298 | 161 | 1 567 | 1 902 |
|---------------------------------------|-----|-----|-------|-------|

Lease liabilities

The maturity analysis of lease liabilities is as follows:

| | | | | |
|-------------------|--------------|--------------|---------------|---------------|
| Within one year | 660 | 551 | 5 575 | 5 251 |
| Two to five years | 3 615 | 719 | 9 607 | 15 182 |
| | 4 275 | 1 270 | 15 182 | 20 433 |
| | (262) | (112) | (2 032) | (3 599) |
| | 4 013 | 1 158 | 13 150 | 16 834 |

Less finance charges component

| | | | | |
|-------------------------|--------------|--------------|---------------|---------------|
| Non-current liabilities | 3 352 | 607 | 7 575 | 11 583 |
| Current liabilities | 661 | 551 | 5 575 | 5 251 |
| | 4 013 | 1 158 | 13 150 | 16 834 |

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Notes to the Consolidated Annual Financial Statements

| | | Group | | Company | |
|--|-----------------|--------------------------|----------------|--------------------------|--------------------------|
| Figures in Rand thousand | | 2025 | 2024 | 2025 | 2024 |
| 4. Investment property | | | | | |
| Group | 2025 | | 2024 | | |
| | Valuation | Accumulated depreciation | Carrying value | Valuation | Accumulated depreciation |
| Investment property | 1 509 904 | - | 1 509 904 | 1 384 530 | - |
| Company | 2025 | | 2024 | | |
| | Valuation | Accumulated depreciation | Carrying value | Valuation | Accumulated depreciation |
| Investment property | 1 424 104 | - | 1 424 104 | 1 298 730 | - |
| Reconciliation of investment property - Group – 2025 | | | | | |
| Investment property | Opening balance | Additions | Disposals | Transfers | Other changes, movements |
| | 1 384 530 | 104 455 | (24 911) | (2 675) | (6 918) |
| | | | | | Fair value adjustments |
| | | | | | 55 423 |
| | | | | | Total |
| | | | | | 1 509 904 |
| Reconciliation of investment property - Group – 2024 | | | | | |
| Investment property | Opening balance | Additions | Disposals | Other changes, movements | Fair value adjustments |
| | 1 346 720 | 40 990 | (30 401) | (2 993) | 30 214 |
| | | | | | Total |
| | | | | | 1 384 530 |
| Reconciliation of investment property - Company – 2025 | | | | | |
| Investment property | Opening balance | Additions | Disposals | Transfers | Other changes, movements |
| | 1 298 730 | 104 455 | (24 911) | (2 675) | (6 918) |
| | | | | | Fair value adjustments |
| | | | | | 55 423 |
| | | | | | Total |
| | | | | | 1 424 104 |

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Notes to the Consolidated Annual Financial Statements

| | Group | | Company | |
|--------------------------|-------|--------------------|---------|--------------------|
| Figures in Rand thousand | 2025 | 2024 Restated * | 2025 | 2024 Restated * |

5. Investment property (continued)

Reconciliation of investment property - Company – 2024

| | Opening balance | Additions | Disposals | Other changes, movements | Fair value adjustments | Total |
|---------------------|--------------------|-----------|-----------|--------------------------------|---------------------------|-----------|
| Investment property | 1 260 920 | 40 990 | (30 401) | (2 993) | 30 214 | 1 298 730 |

Information on the Investment property portfolio

Investment properties are situated throughout the Eastern Cape Province, with the majority concentrated in the areas in and surrounding King Sabatha Dalindyebo, Mnquma, Buffalo City and Chris Hani Municipalities. The portfolio consists mainly of industrial, residential and commercial properties. Registers with details of each property are available for inspection at the registered office of the Corporation.

Tribal land

The Investment properties include properties that are located on Tribal Land, where the Group has assumed “Permission to Occupy”. The majority of these properties are situated on forestry estates and hotels on the Wild Coast. The Group’s right to occupy properties to the value of R31.385 million (2024: R31.5 million) above, has not been reduced to writing. However, the Group has occupied these properties for a number of years and derives economic benefits from their use and assumes the risks and rewards that are substantially incidental to ownership.

The valuation method used to value these properties assumes that the Group has the right to occupy these properties and will receive economic benefits in perpetuity.

Invaded Investment Properties

A number of Investment Properties owned by the Eastern Cape Development Corporation in Mthatha have been invaded due to illegal occupation. The combined fair value of the affected properties in the current year is R190,443 million (2024: R174,030 million).

There are 343 (2024:342) lettable units invaded. Consequently, the Corporation has lost potential income amounting to R98,590 million since the properties were invaded and the impact of the current year is R20,612 million (2024: R26,395 million).

The Eastern Cape Development Corporation promptly reported the matter to the relevant Law Enforcement Agencies where criminal cases were opened.

Illegal Occupation

A few number of Investment Properties owned by the Eastern Cape Development Corporation have been illegally occupied. The combined fair value of the affected properties in the current year is R28,240 million..

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Notes to the Consolidated Annual Financial Statements

| | Group | | Company | |
|--------------------------|-------|--------------------|---------|--------------------|
| Figures in Rand thousand | 2025 | 2024 Restated * | 2025 | 2024 Restated * |

5. Investment property (continued)

There are 3 lettable units that have been identified in the current financial year. Consequently, the Corporation has lost potential income amounting to R0.260 million in the current year.

Disposals

The Investment properties with combined value of R24,911 million (2024: R30,401 million) were disposed of as at 31 March 2025 financial year. The proceeds received from these sales amounted to R26,723 million (2024: R31, 792 million).

Other movements – R6,918 million (2024: R2,994 million) which comprises of various long list of ERF numbers, which are available at ECDC’s internal records. The breakdown of R6,918 million is as per below:

- These derecognitions (R6,818 million) were identified through the extensive exercise that ECDC engaged in to ensure revenue completeness and through the valuation of properties conducted every 3 year cycle. It was identified that even though these properties were in our Register they are not registered under ECDC name, and we also do not bill on them, we therefore do not have control of these properties. Investigations are being conducted with the Department of Public Works to determine who the rightful owners are.
- Repairs and maintenance R0.1 million relates to expenses incurred by tenant on our ECDC properties. On valuation of properties, valutors are required to assess the value of repairs and maintenance on the determined Fair Value. The costs of these repairs are set off against the debt owed by the tenant on disposal, in the absence of an amount owing, the amount for repairs and maintenance is set off against the determined Fair Value allowing the tenant relief from their expenditure incurred. The amount relates to 2 tenants that had no amount owing and the repairs and maintenance amount was set off against the Fair Value.

Other disclosures

The fair value of investment properties is determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the investment property being valued. The valuation company provides the fair value of the Group’s investment portfolio every third year and at any time when suitable to dispose of a property.

ECDC valued about 50% (2024:27%) of the investment property portfolio for the year ended 31 March 2025.

The remainder were all valued within the 3-year cycle (5 years for investment properties less than R 100 thousand) for external valuations in line with our accounting policy. Valuations of investment properties are performed by the professional valuers using a combination of income capitalisation, depreciated cost method and comparable sales, depending on the existing use of each individual investment property.

Registers with details of land and buildings are available for inspection by shareholders or their duly authorised representatives at the registered office of the Corporation.

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Notes to the Consolidated Annual Financial Statements

| | Group | | Company | |
|--------------------------|-------|--------------------|--------------------|------|
| Figures in Rand thousand | 2025 | 2024 Restated * | 2025 Restated * | 2024 |

5. Investment property (continued)

Additions to Investment properties

The additions to investment properties are not new purchases but are as a result of refurbishments that have been done on investment properties. All the costs have been capitalised on the work in progress account, The refurbishment project is a multi year project and the costs include professional fees (incurred per cluster), construction costs, travel and employee costs incurred specifically on the project. Due to the volume of refurbishment project and the different cost items it is impractical to split repairs and maintenance from the total refurbishment. All the costs are capitalised to individual assets when the refurbishment costs are completed, and the revaluation is performed on all completed properties.

Amounts recognised in profit and loss for the year

| | | | | |
|---|---------------|---------------|---------------|---------------|
| Rental income from investment property | 92 629 | 104 118 | 83 606 | 95 802 |
| Direct operating expenses from rental generating property | (43 064) | (53 705) | (43 064) | (53 705) |
| Direct operating expenses from non-rental generating property | (8 314) | (13 205) | (6 813) | (11 709) |
| | 41 251 | 37 208 | 33 729 | 30 388 |

6. Intangible assets

| Group | 2025 | | | 2024 | | |
|-------------------|-------|--------------------------|----------------|-------|--------------------------|----------------|
| | Cost | Accumulated amortisation | Carrying value | Cost | Accumulated amortisation | Carrying value |
| Computer software | 2 434 | (1 823) | 611 | 1 292 | (1 048) | 244 |

| Company | 2025 | | | 2024 | | |
|-------------------|-------|--------------------------|----------------|-------|---------------------------|----------------|
| | Cost | Accumulated amortisation | Carrying value | Cost | Accumulated amortisationl | Carrying value |
| Computer software | 1 029 | (1 014) | 15 | 1 029 | (839) | 190 |

Reconciliation of intangible assets - Group - 2025

| | Opening balance | Additions | Transfers | Amortisation | Total |
|-------------------|-----------------|-----------|-----------|--------------|-------|
| Computer software | 244 | 1 141 | 1 | (775) | 611 |

Reconciliation of intangible assets - Group - 2024

| | Opening balance | Additions | Amortisation | Total |
|-------------------|-----------------|-----------|--------------|-------|
| Computer software | 637 | 4 | (397) | 244 |

Reconciliation of intangible assets - Company - 2025

| | Opening balance | Amortisation | Total |
|-------------------|-----------------|--------------|-------|
| Computer software | 190 | (175) | 15 |

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Notes to the Consolidated Annual Financial Statements

| | Group | | Company | |
|--------------------------|-------|--------------------|--------------------|------|
| Figures in Rand thousand | 2025 | 2024 Restated * | 2025 Restated * | 2024 |

Reconciliation of intangible assets - Company - 2024

| | Opening balance | Amortisation | Total |
|-------------------|-----------------|--------------|-------|
| Computer software | 534 | (344) | 190 |

Other information

Some of the computer software utilised by the Group in its operations has been fully amortised and is still in use and the carrying value of such assets as at 31 March 2025 is R0 (2024: R 1).

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Notes to the Consolidated Annual Financial Statements

| | Group | | Company | |
|--------------------------|-------|------|---------|------|
| Figures in Rand thousand | 2025 | 2024 | 2025 | 2024 |

7. Investments in subsidiaries

The following table lists the entities which are controlled directly by the company, and the carrying amounts of the investments in the company's separate financial statements.

Company

| | Held by | % holding 2025 | % holding 2024 | Carrying amount 2025 | Carrying amount 2024 |
|---|---|-------------------|-------------------|----------------------------|----------------------------|
| Name of company | | | | | |
| Automotive Industry Development Centre (Eastern Cape) | Eastern Cape Development Corporation | 100,00 % | 100,00 % | - | - |
| Centre for Investment and Marketing Authority in the Eastern Cape (NPC) | Eastern Cape Development Corporation | 100,00 % | 100,00 % | - | - |
| Cimvest (Pty) Ltd | Centre for Investment and Marketing Authority in the Eastern Cape (NPC) | 100,00 % | 100,00 % | - | - |
| Transdev Properties SOC Ltd | Eastern Cape Development Corporation | 100,00 % | 100,00 % | 2 | 2 |
| Transkei Share Investment SOC Ltd | Eastern Cape Development Corporation | 98,00 % | 98,00 % | 23 010 | 23 010 |
| | | | | 23 012 | 23 012 |

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Notes to the Consolidated Annual Financial Statements

| | Group | | Company | |
|--------------------------|-------|--------------------|--------------------|------|
| Figures in Rand thousand | 2025 | 2024 Restated * | 2025 Restated * | 2024 |

8. Investments in associates

The following table lists all of the associates in the Group:

Group

| Name of company | Held by | % ownership interest 2025 | % ownership interest 2024 | Carrying amount 2025 | Carrying amount 2024 |
|-----------------------------------|--|---------------------------------|---------------------------------|-------------------------|-------------------------|
| Mthatha Hotel (Pty) Ltd | Transkei Share Investment SOC Ltd Eastern Cape | 40,00 % | 40,00 % | 19 291 | 17 147 |
| Mthatha Hotel (Pty) Ltd | | 9,95 % | 9,95 % | 4 856 | 4 323 |
| Cross-Med Health Centre (Pty) Ltd | Development Corporation Eastern Cape | 30,00 % | 30,00 % | 14 390 | 14 824 |
| | Development Corporation | | | 38 537 | 36 294 |

Company

| Name of company | Held by | % ownership interest 2025 | % ownership interest 2024 | Carrying amount 2025 | Carrying amount 2024 |
|-----------------------------------|--------------------------------------|---------------------------------|---------------------------------|-------------------------|-------------------------|
| Cross-Med Health Centre (Pty) Ltd | Eastern Cape Development Corporation | 30,00 % | 30,00 % | 14 390 | 14 824 |

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Notes to the Consolidated Annual Financial Statements

| | Group | | Company | |
|--------------------------|-------|------|---------|------|
| Figures in Rand thousand | 2025 | 2024 | 2025 | 2024 |

8. Investments in associates (continued)

Summarised financial information of material associates

| Summarised Statement of Profit or Loss and Other Comprehensive Income | Mthatha Hotel (Pty) Ltd | | Cross-Med Health Centre (Pty) Ltd | | Total | |
|---|-------------------------|----------|-----------------------------------|------|-----------|----------|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| | 64 890 | 59 411 | 75 427 | - | 140 317 | 59 411 |
| Revenue | | | | | | |
| Other income and expenses | (59 529) | (54 497) | (76 871) | - | (136 400) | (54 497) |
| (Loss)/ profit for the year | 5 361 | 4 914 | (1 444) | - | 3 917 | 4 914 |
| Summarised Statement of Financial Position | Mthatha Hotel (Pty) Ltd | | Cross-Med Health Centre (Pty) Ltd | | Total | |
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| | 13 160 | 13 557 | 92 508 | - | 105 668 | 13 557 |
| Non-current | 44 680 | 37 894 | 34 233 | - | 78 913 | 37 894 |
| Current | 57 840 | 51 451 | 126 741 | - | 184 581 | 51 451 |
| Total assets | | | | | | |
| Liabilities | | | | | | |
| | | | | | | |
| | | | | | | |
| Non-current | 1 977 | 2 009 | 73 109 | - | 75 086 | 2 009 |
| Current | 7 636 | 6 576 | 19 302 | - | 26 938 | 6 576 |
| Total liabilities | 9 613 | 8 585 | 92 411 | - | 102 024 | 8 585 |
| Total net assets | 48 227 | 42 866 | 34 330 | - | 82 557 | 42 866 |

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Notes to the Consolidated Annual Financial Statements

| | Group | | Company | |
|--------------------------|-------|------|---------|------|
| Figures in Rand thousand | 2025 | 2024 | 2025 | 2024 |

8. Investments in associates (continued)

| Reconciliation of the summarised financial information presented to the carrying amount | Mthatha Hotel (Pty) Ltd | | Cross-Med Health Centre (Pty) | |
|---|-------------------------|--------|-------------------------------|--------|
| | 2025 | 2024 | 2025 | 2024 |
| Opening carrying value | 21 470 | 19 098 | 14 824 | - |
| Income from equity accounted investments | 2 677 | 2 455 | (434) | - |
| Fair value adjustments | - | (83) | - | - |
| Purchase of additional shares from Cross-Med Health Centre (Pty) Ltd | - | - | - | 14 824 |
| Carrying value of investment in associate | 24 147 | 21 470 | 14 390 | 14 824 |

Associates with different reporting dates

The year ends of the Mthatha Hotel (Pty) Ltd and Cross-Med Health Centre (Pty) Ltd (Associates) is 28 February of each year. Management of ECDC considered that the exercise to obtain financial statements as at 31 March of each year outweighs the benefits that will be derived from it. It was further considered that 1 month reporting difference between the Group, Mthatha Hotel and Cross Med will have immaterial impact on the overall Group reporting. We therefore report the results of the associates (Mthatha Hotel and Cross Med) as at February of each year without further adjusting their reported figures.

9. Loans to group companies

| | | | | | |
|--|---|---|--------|--------|--------|
| Subsidiaries | | | | | |
| Centre for Investment and Marketing in the Eastern Cape (NPC) | - | - | 36 897 | 36 713 | 33 751 |
| The loan bears interest at 5.25% per annum and is repayable on demand. | | | | | |

The loans with group companies are unlikely to be settled in the next 12 months.

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Notes to the Consolidated Annual Financial Statements

| Figures in Rand thousand | Group | | Company | |
|--------------------------|-------|------------|------------|------|
| | 2025 | 2024 | 2025 | 2024 |
| | | Restated * | Restated * | |

10. Loans receivable

Loans receivable are presented at amortised cost, which is net of loss allowance, as follows:

| | | | | |
|------------------|---------------|---------------|---------------|---------------|
| Loans receivable | 181 075 | 152 602 | 181 075 | 152 602 |
| Loss allowance | (92 196) | (106 335) | (92 196) | (106 335) |
| | 88 879 | 46 267 | 88 879 | 46 267 |

Split between non-current and current portions

| | | | | |
|--------------------|---------------|---------------|---------------|---------------|
| Non-current assets | 57 033 | 25 565 | 57 033 | 25 565 |
| Current assets | 31 846 | 20 702 | 31 846 | 20 702 |
| | 88 879 | 46 267 | 88 879 | 46 267 |

Exposure to credit risk

Loans receivable inherently exposes the Group to credit risk, being the risk that the Group will incur financial loss if counterparties fail to make payments as they fall due.

There has been no significant changes in the credit risk management policies and processes since the prior reporting period.

A credit loss allowance is recognised for loans receivable, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the credit loss allowance, loans receivable are written off when there is no reasonable expectation of recovery.

Impact on equity reserves

The Group is sensitive to the movement in the market interest rate and a sensitivity analysis technique that measures the estimated change in profit or loss of an instantaneous increase or decrease of 1% (100 basis points) in market interest rates from the applicable rate as at 31 March 2025 has been used.

Market interest rate changes may affect equity (capital) in either higher or lower profit resulting from higher or lower net interest income.

Collateral value

The nature of the collateral available to the Group varies as it depends on the conditions of each loan, mainly it would be assets and liquid investments ceded to the Group. The estimated value of the collateral on loans advanced as at 31 March 2025 was R188,734 million (2024: R69,987 million).

Loan commitments

The value of loans that were approved and taken up but not yet fully disbursed at 31 March 2025 was R43,283 million (2024: R11,789 million).

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Notes to the Consolidated Annual Financial Statements

| Figures in Rand thousand | Group | | Company | |
|--------------------------|-------|------------|------------|------|
| | 2025 | 2024 | 2025 | 2024 |
| | | Restated * | Restated * | |

10.Loans receivable (continued)

Contractual amounts that were written off

During the current financial year, loans to the value of R0 (2024: R0) were written off.

The Expected Credit Loss allowance (ECL) is measured at an amount equal to 12-month expected credit losses. The balance of the credit allowances on the loans advanced as at 31 March 2025 is R92,196 million (2024: R106,335 million)

Impact on earnings

The table below shows the impact of earnings of a 100 bps up and down movement in market interest rates for the Group Loans receivable:

| | 100 basis point increase | 100 basis point decrease |
|---------|-----------------------------|--------------------------------|
| FY 2025 | 1 881 | (1 881) |
| FY 2024 | 1 431 | (1 431) |
| | 3 312 | (3 312) |

Reconciliation of loss allowances

The following tables show the movement in the loss allowances for loans receivable.

| Figures in Rand thousand | Group | | Company | |
|----------------------------------|---------------|----------------|---------------|----------------|
| | 2025 | 2024 | 2025 | 2024 |
| Opening balance | 106 335 | 94 413 | 106 335 | 94 413 |
| Increase (decrease) in allowance | (14 139) | 11 922 | (14 139) | 11 922 |
| Write off | - | - | - | - |
| Subtotal | 92 196 | 106 335 | 92 196 | 106 335 |
| | 92 196 | 106 335 | 92 196 | 106 335 |

11. Investments at fair value

Investments held by the Group which are measured at fair value, are as follows:

Mandatorily at fair value through profit or loss:

| | | | | |
|-----------------|--------|-------|--------|-------|
| Listed shares | 3 413 | 2 907 | - | - |
| Unlisted shares | 15 000 | 793 | 16 384 | 2 234 |

Equity investments at fair value through other comprehensive income:

| | | | | |
|-----------------|---------------|---------------|---------------|---------------|
| Unlisted shares | 14 793 | 23 913 | 14 793 | 23 913 |
| | 33 206 | 27 613 | 31 177 | 26 147 |

Fair value information

Refer to note 44 Fair value information for details of valuation policies and processes.

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Notes to the Consolidated Annual Financial Statements

| | Group | | Company | |
|--------------------------|-------|--------------------|--------------------|------|
| Figures in Rand thousand | 2025 | 2024 Restated * | 2025 Restated * | 2024 |

11. Investments at fair value (continued)

Equity instruments at fair value through other comprehensive income

Certain investments in equity instruments have been designated, at initial recognition, as at fair value through other comprehensive income. The reason for this designation as opposed to fair value through profit or loss, is to avoid the effect of volatilities in the fair values of the investments from impacting profit or loss.

The specific investments which are measured at fair value through other comprehensive income are as follows:

Investments held at reporting date – Group

| | 2025 Fair value | 2025 Dividends received | 2024 Fair value | 2024 Dividends received |
|-----------------------------------|--------------------|-------------------------------|--------------------|-------------------------------|
| Singisi Forest Products (Pty) Ltd | 14 793 | - | 23 913 | - |

Investments held at reporting date - Company

| | 2025 Fair value | 2025 Dividends received | 2024 Fair value | 2024 Dividends received |
|-----------------------------------|--------------------|-------------------------------|--------------------|-------------------------------|
| Singisi Forest Products (Pty) Ltd | 14 793 | - | 23 913 | - |

12. Trade and other receivables

Financial instruments:

| | | | | |
|-------------------------------------|-----------|-----------|-----------|-----------|
| Trade receivables | 523 105 | 505 858 | 520 711 | 504 738 |
| Loss allowance | (514 266) | (494 926) | (513 325) | (494 903) |
| Trade receivables at amortised cost | 8 839 | 10 932 | 7 386 | 9 835 |
| Deposits | 3 | 837 | - | - |
| Other receivable | 16 442 | 16 183 | 16 381 | 16 173 |

Non-financial instruments:

| | | | | |
|-----------------------------|-------|-----|-------|-----|
| VAT | 617 | 556 | - | 556 |
| Prepayments (if immaterial) | 8 508 | 363 | 8 480 | 286 |

Total trade and other receivables

| | | | | |
|--|---------------|---------------|---------------|---------------|
| | 34 409 | 28 871 | 32 247 | 26 850 |
|--|---------------|---------------|---------------|---------------|

Split between non-current and current portions

| | | | | |
|----------------|--------|--------|--------|--------|
| Current assets | 34 409 | 28 871 | 32 247 | 26 850 |
|----------------|--------|--------|--------|--------|

Financial instrument and non-financial instrument components of trade and other receivables

| | | | | |
|---------------------------|---------------|---------------|---------------|---------------|
| At amortised cost | 25 284 | 27 952 | 23 767 | 26 008 |
| Non-financial instruments | 9 125 | 919 | 8 480 | 842 |
| | 34 409 | 28 871 | 32 247 | 26 850 |

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Notes to the Consolidated Annual Financial Statements

| | Group | | Company | |
|--------------------------|-------|--------------------|---------|--------------------|
| Figures in Rand thousand | 2025 | 2024 Restated * | 2025 | 2024 Restated * |

12. Trade and other receivables (continued)

Prepayment (Purchase of Chicory SA Assets)

The Economic Development Fund (EDF) purchased the Chicory SA immovable assets during the current financial year. The transfer of the assets to ECDC has not been finalised, since the EDF is not a separate entity, the assets will be transferred to ECDC as the fund manager. The purchase price was R8,480 million and it was paid on the 9th of January 2025.

Exposure to credit risk

Trade receivables inherently expose the Group to credit risk, being the risk that the Group will incur financial loss if customers fail to make payments as they fall due.

There have been no significant changes in the credit risk management policies and processes since the prior reporting period.

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

The Group measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information and general economic conditions of the industry as at the reporting date.

The Group's Expected Credit Loss (ECL) for rental receivables as at 31 March 2025 is R 513,348 million (2024: R 494,926 million).

The Group's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles. The loss allowance provision is determined as follows:

| Group | 2025 Estimated gross carrying amount at default | 2025 Loss allowance (Lifetime expected credit loss) | 2024 Estimated gross carrying amount at default | 2024 Loss allowance (Lifetime expected credit loss) |
|--|--|--|--|--|
| Less than 3 months due: 0% (2024: 0%) | 3 523 | - | 2 380 | - |
| More than 3 months past due: 25% (2024: 25%) | 358 | (16) | 1 023 | (36) |
| More than 4 months past due: 30% (2024: 30%) | 1 718 | (224) | 1 038 | (147) |
| More than 5 months past due: 40% (2024: 40%) | 1 233 | (331) | 1 374 | (346) |
| More than 6 months past due: 50% (2024: 50%) | 395 | (144) | 1 182 | (438) |
| More than 7 months past due: 60% (2024: 60%) | 976 | (455) | 1 174 | (587) |
| More than 8 months past due: 70% (2024: 70%) | 1 366 | (866) | 2 137 | (1 255) |
| More than 9 months past due: 100% (2024: 100%) | 240 784 | (240 019) | 276 058 | (272 634) |
| Vacated tenants: 100% (2024: 100%) | 272 752 | (272 211) | 219 492 | (219 483) |
| Total | 523 105 | (514 266) | 505 858 | (494 926) |

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Notes to the Consolidated Annual Financial Statements

| Figures in Rand thousand | Group | | Company | |
|--------------------------|-------|------------|---------|------------|
| | 2025 | 2024 | 2025 | 2024 |
| | | Restated * | | Restated * |

12. Trade and other receivables (continued)

| Company | 2025 | 2025 | 2024 | 2024 |
|--|--|--|--|--|
| | Estimated gross carrying amount at default | Loss allowance (Lifetime expected credit loss) | Estimated gross carrying amount at default | Loss allowance (Lifetime expected credit loss) |
| Expected credit loss rate: | | | | |
| Less than 3 months due: 0% (2024: 0%) | 1 129 | - | 1 285 | - |
| More than 3 months past due: 25% (2024: 25%) | 358 | (16) | 1 023 | (36) |
| More than 4 months past due: 30% (2024: 30%) | 1 718 | (224) | 1 038 | (147) |
| More than 5 months past due: 40% (2024: 40%) | 1 233 | (331) | 1 374 | (346) |
| More than 6 months past due: 50% (2024: 50%) | 395 | (144) | 1 182 | (438) |
| More than 7 months past due: 60% (2024: 60%) | 976 | (455) | 1 174 | (587) |
| More than 8 months past due: 70% (2024: 70%) | 1 366 | (866) | 2 137 | (1 255) |
| More than 9 months past due: 100% (2024: 100%) | 240 784 | (239 101) | 276 033 | (272 611) |
| Vacated tenants: 100% (2024: 100%) | 272 752 | (272 188) | 219 492 | (219 483) |
| Total | 520 711 | (513 325) | 504 738 | (494 903) |

Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for trade receivables:

| | | | | |
|---|-----------|-----------|-----------|-----------|
| Opening balance | (494 926) | (434 341) | (494 903) | (434 304) |
| Provision raised on new trade receivables | (18 422) | (60 598) | (18 422) | (60 599) |
| Other - AIDC movement in credit losses | (918) | 13 | - | - |
| Closing balance | (514 266) | (494 926) | (513 325) | (494 903) |

Fair value of trade and other receivables

The fair value of trade and other receivables approximates their carrying amounts. All trade and other receivables are short term in nature.

13. Deferred tax

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement.

AIDC, ECDC subsidiary decided to recognise the deferred tax liability in the previous financial year on their separate annual financial statements. This has resulted to disclosure of the reconciliation of the deferred tax in the previous financial year.

The deferred tax asset was derecognised in the current financial year as the company was approved for tax exemption effective from June 2024.

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Notes to the Consolidated Annual Financial Statements

| Figures in Rand thousand | Group | | Company | |
|--------------------------|-------|------------|---------|------------|
| | 2025 | 2024 | 2025 | 2024 |
| | | Restated * | | Restated * |

13. Deferred tax (continued)

Deferred tax asset/liability was therefore nil for the year ended 31 March 2025 and such reconciliation is reflected below.

| | | | | |
|---|---------|-------|---|---|
| Deferred tax asset | - | 1 026 | - | - |
| Reconciliation of deferred tax asset | | | | |
| At beginning of year | 1 026 | 739 | - | - |
| (Deductible) temporary difference on leave pay | - | 80 | - | - |
| (Deductible) taxable temporary difference movement on employee benefit provision | - | 210 | - | - |
| (Deductible) taxable temporary difference on allowance for credit losses | - | (2) | - | - |
| Taxable / Deductible temporary difference movement on prepaid expenses | - | (1) | - | - |
| Deferred tax asset derecognised | (1 026) | - | - | - |
| | - | 1 026 | - | - |

Recognition of deferred tax asset

An entity shall disclose the amount of a deferred tax asset and the nature of the evidence supporting its recognition, when:

- the utilisation of the deferred tax asset is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences; and
- the entity has suffered a loss in either the current or preceding period in the tax jurisdiction to which the deferred tax asset relates.

14. Other non-current assets

| | | | | |
|-----------------------------|------|------|------|------|
| Other non-current assets | 2025 | 2024 | 2025 | 2024 |
| Project Development Funding | 945 | - | 945 | - |

The project development funding relates to risk capital fund development finance to cover project preparation costs for the development of the proposed new private hospital facility. Funding will be subject to a moratorium of 5 years or commercialization of the projet developmet, whichever comes first. The funding will be converted to debt or equity instrument when the project is ready to commercialise and it will be based on ECDC acceptable valuation method.

15. Cash and cash equivalents

| | | | | |
|---|---------|---------|---------|---------|
| Cash and cash equivalents consist of: | | | | |
| Bank balances | 216 488 | 241 419 | 155 782 | 168 127 |
| Short-term deposits | 102 563 | 194 216 | 102 563 | 194 216 |
| | 319 051 | 435 635 | 258 345 | 362 343 |
| Cash and cash equivalents held by the entity that are not available for use by the group. | 248 990 | 294 391 | 184 988 | 219 992 |

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Notes to the Consolidated Annual Financial Statements

| Figures in Rand thousand | Group | | Company | |
|--------------------------|-------|------------|---------|------------|
| | 2025 | 2024 | 2025 | 2024 |
| | | Restated * | | Restated * |

16. Share capital

| | | | | |
|---|------------------|------------------|------------------|------------------|
| Authorised | | | | |
| 50 billion Ordinary Type A shares of one cent each | 500 000 | 500 000 | 500 000 | 500 000 |
| 50 billion Ordinary Type B shares of one cent each | 500 000 | 500 000 | 500 000 | 500 000 |
| | 1 000 000 | 1 000 000 | 1 000 000 | 1 000 000 |
| Reconciliation of number of shares issued: | | | | |
| 21.3795 billion Ordinary Type A shares of one cent each | 213 795 | 213 795 | 213 795 | 213 795 |
| 21.3795 billion Ordinary Type B shares of one cent each | 213 795 | 213 795 | 213 795 | 213 795 |
| | 427 590 | 427 590 | 427 590 | 427 590 |
| Issued | | | | |
| Reported as at 31 March 2024 | 427 590 | 427 590 | 427 590 | 427 590 |

The directors of the corporation shall not have the power to allot or issue shares of the corporation without the prior written approval of the responsible MEC and the prior approval of the corporation in general meeting.

All type A shares issued are not transferable otherwise than by an Act of the Eastern Cape Provincial Parliament. The responsible MEC can transfer/sell/dispose off the type B shares. The shares held by the State shall entitle it to a majority vote. No shares were issued during the year.

17. Reserves

| | | | | |
|--|----------------|----------------|----------------|----------------|
| Balances as at 31 March 2025 are as follows: | | | | |
| Pre-incorporation Reserve | 384 265 | 384 265 | 384 265 | 384 265 |
| Property, plant and equipment revaluation | 29 170 | 30 430 | 22 990 | 24 250 |
| Fair value adjustment on investments at fair value | 13 973 | 23 092 | 13 973 | 23 092 |
| | 427 408 | 437 787 | 421 228 | 431 607 |

| | | | | |
|--|----------|----------|---------------|---------------|
| 18. Loans from group companies | | | | |
| Subsidiaries | | | | |
| Transkei Share Investment Company SOC Ltd | - | - | 24 738 | 24 780 |
| The loan is unsecured, interest free and is payable on demand | | | | |
| Transdev SOC Ltd | - | - | 26 252 | 22 903 |
| The loan is unsecured, interest free and is payable on demand. It is not likely that the loan will be settled within the next 12 months. | | | | |
| | - | - | 50 990 | 47 683 |

| | | | | |
|---|---|--------|--------|---|
| Split between non-current and current portions | | | | |
| Non-current liabilities | - | 50 990 | 47 683 | - |

Refer to note 45 Changes in liabilities arising from financing activities for details of the movement in loans from group companies during the reporting period.

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Notes to the Consolidated Annual Financial Statements

| Figures in Rand thousand | Group | | Company | |
|--------------------------|-------|------------|---------|------------|
| | 2025 | 2024 | 2025 | 2024 |
| | | Restated * | | Restated * |

19. Borrowings

| | | | | |
|---|-----|--------|-----|--------|
| Held at amortised cost | | | | |
| Loan from Economic Development Fund | 567 | 20 000 | 567 | 20 000 |
| The loan of R20 million from Economic Development Fund (EDF) which was disclosed in the previous financial year was paid back to the EDF on the instruction of the Shareholder (DEDEAT). The loan will be transferred to ECDC from EDF in tranches when ECDC needs to disburse to the 3rd parties. The loan will only incur interest when the tranche has been received by ECDC on the outstanding amount made up of all tranches to ECDC. | | | | |
| In the current financial year ECDC was granted a loan of R15 million for Automotive grants by EDF. This loan is paid in tranches to ECDC on disbursements made to beneficiaries. The tranche paid in the current financial year is 567 thousand. The loan attracts interest at prime less 5.5% and the repayment terms is 5 years. There was no interest charged in the current financial year, as the disbursement was processed on the last day of the month. | | | | |
| Split between non-current and current portions | | | | |
| Non-current liabilities | 567 | 20 000 | 567 | 20 000 |

20. Retirement benefits

| | | | | |
|---|--|--|--|--|
| Defined benefit plan | | | | |
| The Corporation operates a medical aid defined benefit plan which provides post-employment medical benefits. The medical scheme provides retired employees with medical benefits. In terms of the plan, the Corporation is liable to the employees for specific payments on retirement for these benefits. The liabilities of these plans are reflected in the Statement of Financial Position. The ECDC does not have specific assets set aside to prefund this liability. | | | | |

Notes to the Consolidated Annual Financial Statements

| Figures in Rand thousand | Group | | Company | |
|--------------------------|-------|------------|---------|------------|
| | 2025 | 2024 | 2025 | 2024 |
| | | Restated * | | Restated * |

20. Retirement benefits (continued)

| | | | | |
|--|---------------|---------------|---------------|---------------|
| Carrying value | | | | |
| Present value of the defined benefit obligation-wholly unfunded | 29 926 | 26 574 | 29 926 | 26 574 |
| Present value of the defined benefit obligation-partially or wholly funded | 850 | 914 | 850 | 914 |
| Fair value of plan assets | 4 496 | 3 075 | 4 496 | 3 075 |
| Net actuarial gains (losses) not recognised | (6 510) | 603 | (6 510) | 603 |
| Past service cost not recognised | (1 410) | (1 240) | (1 410) | (1 240) |
| | 27 352 | 29 926 | 27 352 | 29 926 |

The fair value of plan assets includes:

| | | | | |
|---------------------------------------|---------------|---------------|---------------|---------------|
| Changes in present value | | | | |
| Opening balance | 29 926 | 26 574 | 29 926 | 26 574 |
| Contributions by members | (1 410) | (1 240) | (1 410) | (1 240) |
| Movement recognised in profit or loss | (1 164) | 4 592 | (1 164) | 4 592 |
| | 27 352 | 29 926 | 27 352 | 29 926 |

| | | | | |
|--|----------------|--------------|----------------|--------------|
| Movement recognised in profit or loss | | | | |
| Current service cost | 850 | 914 | 850 | 914 |
| Interest cost | 4 496 | 3 075 | 4 496 | 3 075 |
| Actuarial gains (losses) | (6 510) | 603 | (6 510) | 603 |
| | (1 164) | 4 592 | (1 164) | 4 592 |

Past (accrued) and future service liability

Assumptions used are according to the valuation performed for the year ended 31 March 2025.

| | | | | |
|-----------------------------------|---------|---------|---------|---------|
| Discount rates used | 7,50 % | 10,99 % | 7,50 % | 10,99 % |
| Expected rate of return on assets | 11,60 % | 15,16 % | 11,60 % | 15,16 % |

Effect of 1% change in assumed medical cost trend rates

It is the policy of the Group to provide retirement benefit to all its employees. Based on the actuarial valuation performed at 31 March 2025, assumptions used in the sensitivity analysis are one percentage variation in health care cost inflation, mortality and resignation rate.

The Group is under no obligation to cover any unfunded benefits.

| Figures in Rand thousand | Group | | Company | |
|--|---------|---------|---------|---------|
| | 2025 | 2024 | 2025 | 2024 |
| | | | | |
| 1% increase - effect on accumulated benefit obligation | 3 485 | 2 990 | 3 485 | 2 990 |
| 1% decrease - effect on current service cost & interest cost | (1 773) | (870) | (1 773) | (870) |
| 1% decrease - effect on accumulated benefit obligation | (2 914) | (3 588) | (2 914) | (3 588) |

Notes to the Consolidated Annual Financial Statements

| Figures in Rand thousand | Group | | Company | |
|--------------------------|-------|------------|---------|------------|
| | 2025 | 2024 | 2025 | 2024 |
| | | Restated * | | Restated * |

20. Retirement benefits (continued)

Mortality Rate

| | | | | |
|-----------------------------|---|--|--|-------------------|
| Mortality during employment | SA 85-90 light | SA 85-90 (Light)-3 | SA 85-90 light | SA85-90 (Light)-3 |
| Post-employment mortality | PA(90) -1 wit p.a. from 2010h a 1% mortality improvement p.a. from 2010 | PA(90) -1 with a 1% mortality improvement p.a. from 2010 | PA(90) -1 with a 1% mortality improvement p.a. from 2010 | PA (90)-1 |
| Retirement age | 60 years | 60 years | 60 years | 60 years |

This reflects the mortality experience in South Africa rated down by three years for females.

PA (90) - 1: This refers to the standard actuarial mortality tables for current and prospective pensioners rated down by one year.

| | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| Five year forecast | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
| Post retirement obligation at beginning of period | 29 926 | 27 352 | 29 928 | 32 727 | 35 772 | 39 164 |
| Interest Cost | 4 496 | 3 093 | 3 382 | 3 696 | 4 042 | 4 426 |
| Service cost | 850 | 989 | 1 104 | 1 232 | 1 375 | 1 535 |
| Expected benefit payments | (1 410) | (1 506) | (1 687) | (1 883) | (2 025) | (2 206) |
| Actuarial gains (losses) | (6 510) | - | - | - | - | - |
| | 27 352 | 29 928 | 32 727 | 35 772 | 39 164 | 42 919 |

21. Other financial liabilities

| Figures in Rand thousand | Group | | Company | |
|--------------------------|-------|------|---------|------|
| | 2025 | 2024 | 2025 | 2024 |
| | | | | |
| Current Liabilities | 1 334 | - | 1 334 | - |

This relates to funds that were identified by the Eastern Cape Provincial Treasury and Planning (ECPT) as uncommitted as at 31 March 2024 Alicedale Sanitation (Makana) and therefore should be surrendered. The ECPT assessed the surrenders and roll over requests for the financial year ended 31 March 2024 and concluded that R2.698 million of the funds that were uncommitted on the project should be surrendered. Before receiving the final surrender ECDC submitted a revised rollover request to ECPT, however the submission was late for consideration for the rollover. The funds remaining as at end of March 2025 on the project were R1.334 million, the submission for the revised surrender value is underway to support the funds that had to be used to complete the project.

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Notes to the Consolidated Annual Financial Statements

| Figures in Rand thousand | Group | | Company | |
|--------------------------|-------|------------|---------|------------|
| | 2025 | 2024 | 2025 | 2024 |
| | | Restated * | | Restated * |

22. Deferred income

| | | | | |
|---|----------------|----------------|----------------|----------------|
| Government grants | 255 763 | 294 391 | 191 762 | 219 992 |
| Split between non-current and current portions | | | | |
| Non-current liabilities | 35 216 | 37 671 | - | - |
| Current liabilities | 220 547 | 256 720 | 191 762 | 219 992 |
| | 255 763 | 294 391 | 191 762 | 219 992 |

Government grants are deferred to the extent that they are unspent. Funds that have been received for specific projects but not yet spent at 31 March are classified as deferred income and cash resources to fund deferred projects have been ring- fenced.

| Analysis per entity | 2025 | 2024 | 2025 | 2024 |
|--|----------------|----------------|----------------|----------------|
| Eastern Cape Development Corporation | 191 762 | 219 992 | 191 762 | 219 992 |
| AIDC Development Centre Eastern Cape SOC Ltd | 64 001 | 74 399 | - | - |
| Total | 255 763 | 294 391 | 191 762 | 219 992 |

23. Trade and other payables

| | | | | |
|-----------------------------------|----------------|---------------|----------------|---------------|
| Financial instruments: | | | | |
| Trade payables | 24 639 | 23 254 | 23 027 | 22 440 |
| Government funds | 1 706 | - | 1 706 | - |
| Retention liability | 6 858 | 1 882 | 6 858 | 1 882 |
| Accrued expense | 35 188 | 35 199 | 34 799 | 34 586 |
| Deposits received | 8 142 | 8 507 | 8 142 | 8 507 |
| Other payables | 13 541 | 13 637 | 13 536 | 13 588 |
| Non-financial instruments: | 1 989 | 1 299 | 1 780 | - |
| VAT payable | | | | |
| Accrued leave pay | 11 053 | 9 513 | 9 331 | 8 257 |
| Accrued bonus | 4 993 | 3 822 | 1 380 | 1 232 |
| | 108 109 | 97 113 | 100 559 | 90 492 |

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Notes to the Consolidated Annual Financial Statements

| Figures in Rand thousand | Group | | Company | |
|--------------------------|-------|------------|---------|------------|
| | 2025 | 2024 | 2025 | 2024 |
| | | Restated * | | Restated * |

24. Revenue

| | | | | |
|--|----------------|----------------|----------------|----------------|
| Revenue from contracts with customers | | | | |
| Rendering of services | 5 470 | 5 345 | 3 284 | 2 878 |
| Operating lease and Interest revenue | | | | |
| Rental Income | 92 629 | 104 118 | 83 606 | 95 802 |
| Interest received (trading) | 31 220 | 33 916 | 31 220 | 33 916 |
| Subtotal | 123 849 | 138 034 | 114 826 | 129 718 |
| Total | 129 319 | 143 379 | 118 110 | 132 596 |

| | | | | |
|-----------------------|---------------|----------------|---------------|---------------|
| Revenue | | | | |
| Rendering of services | 5 714 | 5 345 | 3 284 | 2 878 |
| Rental income | 92 629 | 104 118 | 83 606 | 95 802 |
| | 98 343 | 109 463 | 86 890 | 98 680 |

| | | | | |
|-------------------------|---------------|---------------|---------------|---------------|
| Interest revenue | | | | |
| Interest on Loans | 10 175 | 7 781 | 10 175 | 7 781 |
| Interest on Rental | 21 045 | 26 135 | 21 045 | 26 135 |
| | 31 220 | 33 916 | 31 220 | 33 916 |

Disaggregation of revenue from contracts with customers

The Group disaggregates revenue from customers as follows:

Timing of revenue recognition

| | | | | |
|---------------------------|------------------|------------------|------------------|------------------|
| At a point in time | | | | |
| Administration fees | (5 714) | (5 345) | (3 284) | (2 878) |
| Over time | | | | |
| Interest on loans | (10 175) | (7 781) | (10 175) | (7 781) |
| Rental income | (92 629) | (104 118) | (83 606) | (95 802) |
| Interest on rent | (21 045) | (26 135) | (21 045) | (26 135) |
| | (123 849) | (138 034) | (114 826) | (129 718) |

25. Government grants

| | | | | |
|----------------------|----------------|----------------|----------------|----------------|
| Unconditional grants | 183 677 | 216 821 | 120 175 | 166 254 |
| Conditional grants | 235 073 | 227 631 | 232 373 | 227 631 |
| | 418 750 | 444 452 | 352 548 | 393 885 |

Notes to the Consolidated Annual Financial Statements

| Figures in Rand thousand | Group | | Company | |
|--------------------------|-------|------------|---------|------------|
| | 2025 | 2024 | 2025 | 2024 |
| | | Restated * | | Restated * |

26. Government grants and Other operating income

| | | | | |
|---|----------------|----------------|----------------|----------------|
| Administration and management fees received | 13 657 | 26 843 | 13 657 | 26 843 |
| Commissions received | 13 | 12 | 13 | 12 |
| Bad debts recovered | 499 | 201 | 499 | 184 |
| Other recoveries | 8 076 | 9 517 | 8 076 | 9 517 |
| Other income | 2 481 | 420 | 4 469 | 2 303 |
| Government grants | 418 750 | 444 452 | 352 548 | 393 885 |
| | 443 476 | 481 445 | 379 262 | 432 744 |

27. Other operating gains (losses)

Gains (losses) on disposals, scrappings and settlements

| | | | | | |
|-------------------------------|---|--------------|--------------|--------------|--------------|
| Investment property | 5 | 1 812 | 1 391 | 1 812 | 1 391 |
| Property, plant and equipment | 3 | 22 | 9 | 35 | 5 |
| | | 1 834 | 1 400 | 1 847 | 1 396 |

Fair value gains (losses)

| | | | | | |
|---|---|----------------|------------|----------------|--------------|
| Investment property | 5 | (6 314) | (1 298) | (6 819) | (1 735) |
| Total other operating gains (losses) | | (4 480) | 102 | (4 972) | (339) |

28. Other operating expenses

Operating profit (loss) for the year is stated after charging (crediting) the following, amongst others:

Auditor's remuneration - external

| | | | | |
|------------|-------|-------|-------|-------|
| Audit fees | 4 388 | 4 397 | 3 966 | 4 154 |
|------------|-------|-------|-------|-------|

Remuneration, other than to employees

| | | | | |
|--------------------------------------|---------------|---------------|---------------|---------------|
| Consulting and professional services | 18 160 | 16 667 | 18 117 | 16 218 |
| Secretarial services | 3 | 5 | - | - |
| | 18 163 | 16 672 | 18 117 | 16 218 |

Notes to the Consolidated Annual Financial Statements

| Figures in Rand thousand | Group | | Company | |
|--------------------------|-------|------------|---------|------------|
| | 2025 | 2024 | 2025 | 2024 |
| | | Restated * | | Restated * |

28. Other operating expenses (continued)

Employee costs

As at 31 March 2025, the Company had 194 permanent employees (2024: 176). The total cost of employment of all employees, including executive directors, was as follows:

| | | | | |
|---|----------------|----------------|----------------|----------------|
| Salaries, wages, bonuses and other benefits | 196 192 | 164 049 | 159 743 | 137 333 |
| Retirement benefit plans: defined benefit expense | (6 245) | 638 | (7 920) | (637) |
| Total employee costs | 189 947 | 164 687 | 151 823 | 136 696 |

Leases

| | | | | |
|-----------|--------------|--------------|--------------|--------------|
| Premises | 604 | 838 | 442 | 447 |
| Equipment | 1 142 | 692 | 1 142 | 692 |
| | 1 746 | 1 530 | 1 584 | 1 139 |

Depreciation and amortisation

| | | | | |
|---|--------------|--------------|--------------|--------------|
| Depreciation of property, plant and equipment | 4 932 | 5 143 | 4 041 | 4 697 |
| Depreciation of right-of-use assets | 1 091 | 490 | 4 234 | 4 301 |
| Amortisation of intangible assets | 775 | 399 | 175 | 345 |
| Total depreciation and amortisation | 6 798 | 6 032 | 8 450 | 9 343 |

Expenses by nature

The major operating expenses are disclosed below by their nature. Included in Other expenses line items are Insurance, Legal matters and Marketing & Communication.

AIDC management changed the classification of some expenses impacting the prior year, the impact of the change is as follows, reduction in project expenses of R207 thousand, increase in Directors fees & related costs of R827 thousand and a decrease in other expenses of R620 thousand, the net impact on other operating expenses is R0. The impact is only on the Group.

| | | | | |
|---|----------------|----------------|----------------|----------------|
| Employee costs | 189 947 | 164 687 | 151 823 | 136 696 |
| Lease expenses | 1 746 | 1 530 | 1 584 | 1 139 |
| Depreciation and amortisation | 6 798 | 6 032 | 8 450 | 9 343 |
| Other expenses | 87 283 | 70 481 | 75 586 | 62 053 |
| Debt impairments recognised in profit or loss | 32 266 | 72 534 | 31 347 | 72 520 |
| Assessment rates, municipal charges & utilities | 51 378 | 66 911 | 49 877 | 65 415 |
| Projects implemented | 153 853 | 205 904 | 137 166 | 188 787 |
| Directors Fees and other director related costs (travel, accomodation and training) | 5 009 | 4 539 | 2 666 | 2 185 |
| | 528 280 | 592 618 | 458 499 | 538 138 |

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Notes to the Consolidated Annual Financial Statements

| | Group | | Company | |
|--------------------------|-------|--------------------|---------|--------------------|
| Figures in Rand thousand | 2025 | 2024 Restated * | 2025 | 2024 Restated * |

29. Employee costs

Employee costs

| | | | | |
|-------------------------------------|----------------|----------------|----------------|----------------|
| Basic | 191 129 | 160 426 | 158 893 | 136 419 |
| Bonus | 3 695 | 2 383 | - | - |
| Medical aid - company contributions | 850 | 914 | 850 | 914 |
| UIF | 88 | 70 | - | - |
| WCA | 90 | (1) | - | - |
| SDL | 340 | 257 | - | - |
| Retirement benefit plans | (6 245) | 638 | (7 920) | (637) |
| | 189 947 | 164 687 | 151 823 | 136 696 |

30. Depreciation, amortisation and impairment losses

Depreciation

| | | | | |
|-------------------------------|--------------|--------------|--------------|--------------|
| Property, plant and equipment | 4 932 | 5 143 | 4 041 | 4 697 |
| Right-of-use assets | 1 091 | 490 | 4 234 | 4 301 |
| | 6 023 | 5 633 | 8 275 | 8 998 |

Amortisation

| | | | | |
|-------------------|-----|-----|-----|-----|
| Intangible assets | 775 | 399 | 175 | 345 |
|-------------------|-----|-----|-----|-----|

Total depreciation, amortisation and impairment

| | | | | |
|--------------|--------------|--------------|--------------|--------------|
| Depreciation | 6 023 | 5 633 | 8 275 | 8 998 |
| Amortisation | 775 | 399 | 175 | 345 |
| | 6 798 | 6 032 | 8 450 | 9 343 |

31. Investment income

Dividend income

Equity instruments at fair value through profit or loss:

| | | | | |
|------------------------------|--------------|------------|--------------|----------|
| Listed investments - Local | 148 | 134 | - | - |
| Unlisted investments - Local | 1 137 | - | 1 137 | - |
| Total dividend income | 1 285 | 134 | 1 137 | - |

Interest income

Investments in financial assets:

| | | | | |
|---------------------|--------|--------|--------|--------|
| Bank and other cash | 25 700 | 30 555 | 21 208 | 27 917 |
|---------------------|--------|--------|--------|--------|

Loans to group companies:

| | | | | |
|--------------|---|---|-------|-------|
| Subsidiaries | - | - | 1 934 | 1 923 |
|--------------|---|---|-------|-------|

Total interest income

| | | | | |
|--|---------------|---------------|---------------|---------------|
| | 25 700 | 30 555 | 23 142 | 29 840 |
|--|---------------|---------------|---------------|---------------|

Total investment income

| | | | | |
|--|---------------|---------------|---------------|---------------|
| | 26 985 | 30 689 | 24 279 | 29 840 |
|--|---------------|---------------|---------------|---------------|

Investment income on financial instruments which are available for sale or held to maturity are only presented for comparative purposes for financial instruments held in the prior reporting period but which were disposed of prior to the beginning current reporting period, which is the date of adoption of IFRS 9 Financial Instruments. Investment income on all other financial assets has been reclassified in compliance with IFRS 9.

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Notes to the Consolidated Annual Financial Statements

| | Group | | Company | |
|--------------------------|-------|--------------------|---------|--------------------|
| Figures in Rand thousand | 2025 | 2024 Restated * | 2025 | 2024 Restated * |

32. Finance costs

| | | | | |
|---|--------------|--------------|--------------|--------------|
| Lease liabilities | 298 | 161 | 1 567 | 1 902 |
| Unwinding of discount on provisions and other liabilities | 4 496 | 3 075 | 4 496 | 3 075 |
| Other interest paid | 1 | - | 1 | - |
| Total finance costs | 4 795 | 3 236 | 6 064 | 4 977 |

33. Other non-operating gains (losses)

Fair value gains (losses)

| | | | | |
|---|---------------|---------------|---------------|---------------|
| Investment property | 55 423 | 28 956 | 55 423 | 28 956 |
| Financial assets designated as at fair value through profit or loss | 14 207 | (5 052) | 14 149 | (5 052) |
| | 69 630 | 23 904 | 69 572 | 23 904 |

34. Taxation

Major components of the tax expense (income)

Current

| | | | | |
|--|-----------|------------|----------|----------|
| Local income tax - current period | - | 154 | - | - |
| Local income tax - prior period (over) under provision | 42 | - | - | - |
| | 42 | 154 | - | - |

Deferred

| | | | | |
|---|--------------|--------------|----------|----------|
| Originating and reversing temporary differences | 1 026 | (287) | - | - |
| | 1 068 | (133) | - | - |

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

| | | | | |
|--|-----|-------|---|---|
| Accounting profit (loss) | 661 | (490) | - | - |
| Tax at the applicable tax rate of 0% (2024: 27%) | - | (132) | - | - |

Tax effect of adjustments on taxable income

| | | | | |
|---|--------------|--------------|----------|----------|
| Non-deductible expenses | - | 15 | - | - |
| Prior years tax adjustment recognised in the current year | 42 | - | - | - |
| Deferred tax asset derecognised in the current year | 1 026 | - | - | - |
| Deferred tax asset recognised in the current year | - | (16) | - | - |
| | 1 068 | (133) | - | - |

Notes to the Consolidated Annual Financial Statements

| | Group | | Company | |
|---|-----------------|--------------------|----------|--------------------|
| Figures in Rand thousand | 2025 | 2024 Restated * | 2025 | 2024 Restated * |
| 35. Other comprehensive income | | | | |
| Components of other comprehensive income - Group - 2025 | | | | |
| | Gross | | Tax | Net |
| Movements on valuation of equity investments | | | - | |
| Gains (losses) on valuation | (9 119) | | | (9 119) |
| | | | - | |
| Movements on revaluation | | | | |
| Gains (losses) on property revaluation | (1 260) | | | (1 260) |
| Components of other comprehensive income - Group - 2024 | | | | |
| | Gross | | Tax | Net |
| Movements on revaluation | | | - | |
| Gains (losses) on property revaluation | 1 510 | | | 1 510 |
| Components of other comprehensive income - Company - 2025 | | | | |
| | Gross | | Tax | Net |
| Items that will not be reclassified to profit (loss) | | | - | |
| | | | - | |
| Movements on valuation of equity investments | | | | |
| Gains (losses) on valuation | (9 119) | | | (9 119) |
| | | | - | |
| Movements on revaluation | | | | |
| Gains (losses) on property revaluation | (1 260) | | | (1 260) |
| Total items that will not be reclassified to profit (loss) | (10 379) | | - | (10 379) |
| Components of other comprehensive income - Company - 2024 | | | | |
| | Gross | | Tax | Net |
| Items that will not be reclassified to profit (loss) | | | | |
| | | | - | |
| Movements on revaluation | | | | |
| Gains (losses) on property revaluation | 1 510 | | | 1 510 |

Notes to the Consolidated Annual Financial Statements

| | Group | | Company | |
|---|-----------------|--------------------|----------------|--------------------|
| Figures in Rand thousand | 2025 | 2024 Restated * | 2025 | 2024 Restated * |
| 36. Cash generated from/(used in) operations | | | | |
| Profit (loss) before taxation | 134 096 | 86 120 | 121 255 | 75 630 |
| Adjustments for non-cash items: | | | | |
| Depreciation, amortisation, impairments and reversals of impairments | 6 798 | 6 030 | 8 450 | 9 342 |
| Gains on sale of assets and liabilities | (1 834) | (1 400) | (1 847) | (1 396) |
| Fair value gains | (61 016) | (25 600) | (60 452) | (25 163) |
| Defined benefit plan expense | (2 574) | 3 352 | (2 574) | 3 352 |
| Other non cash - derecognition of investment properties | 9 593 | 2 994 | 9 593 | 2 994 |
| Share of profit or loss of equity accounted investments | (2 243) | (2 455) | 433 | - |
| Other non-cash item - Interest on Leases | 298 | 161 | 1 567 | 1 902 |
| Other non-cash item - Interest on CIMEC Loan | - | - | - | (1 923) |
| Other non-cash items - loans receivables | (28 935) | 1 290 | (28 935) | 1 290 |
| Other non-cash items | (11 811) | - | (12 311) | 1 766 |
| Adjust for items which are presented separately: | | | | |
| Interest income | (25 700) | (30 555) | (21 208) | (27 917) |
| Dividends received | (1 137) | (134) | (1 137) | - |
| Finance costs | 1 | - | 1 | - |
| Changes in working capital: | | | | |
| (Increase) decrease in trade and other receivables | (5 538) | 831 | (5 397) | 1 483 |
| Increase (decrease) in trade and other payables | 10 996 | 11 102 | 10 067 | 8 706 |
| Increase (decrease) in deferred income | (37 294) | 101 370 | (26 896) | 46 059 |
| Other non cash items - Loans receivable/reclassification | (414) | 4 881 | (414) | 4 881 |
| | (16 714) | 157 987 | (9 805) | 101 006 |
| 37. Tax paid | | | | |
| Balance at beginning of the year | 9 | (450) | - | - |
| Current tax recognised in profit or loss | (42) | (154) | - | - |
| Balance at end of the year | (9) | (9) | - | - |
| | (42) | (613) | - | - |
| 38. Commitments | | | | |
| Authorised capital expenditure | | | | |
| Already contracted for but not provided for | | | | |
| • Project expenditure contracted for at the end of the reporting period but not yet recognised as expenditure | 286 513 | 285 434 | 286 513 | 285 434 |

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Notes to the Consolidated Annual Financial Statements

| Figures in Rand thousand | Group | | Company | |
|--------------------------|-------|------------|---------|------------|
| | 2025 | 2024 | 2025 | 2024 |
| | | Restated * | | Restated * |

38. Commitments (continued)

Some of the committments for the internal refurbishments are not adequately covered by the available and projected financial resources. Management is assessing the financial impact of these commitments, these could not be quantified as at the signature date of the financial statements. Management's plan is to realign the commitments such that the exposure is only limited to available resources by limiting the work to some phases of the project.

Operating leases – as lessor (income)

Minimum lease payments due

| | | | | |
|--------------------------|---------|---------|---------|---------|
| - first year | 42 460 | 42 450 | 42 460 | 42 450 |
| - second year | 34 135 | 34 625 | 34 135 | 34 625 |
| - third year | 25 682 | 26 736 | 25 682 | 26 736 |
| - fourth year | 18 490 | 20 011 | 18 490 | 20 011 |
| - fifth year | 11 781 | 14 044 | 11 781 | 14 044 |
| - sixth year and onwards | 24 638 | 33 258 | 24 638 | 33 258 |
| | 157 186 | 171 124 | 157 186 | 171 124 |

The Group leases out its investment properties and the leases have been classified as operating leases, as they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

A number of leases have expired and they automatically become month to month agreements until the lease is renewed.

Rental income recognised by the Group during the year ending 31 March 2025 was R 92,629 million (2024: R 104,118 million).

39.Contingent assets and liabilities

2025 Financial Year

Contingent assets

The Group has contingent assets of R 36,491 million (2024: R 50,552 million).

Investment properties:

On an annual basis, the Corporation undertakes a process of ensuring the completeness of investment properties in the register. Investment properties worth R36,491 million (2024: R29.672 million) were identified that they are not registered in the name of the ECDC. However, management deemed it prudent to investigate these properties to confirm control over them. These properties are sitting in ECDC property register at R1.

Contingent liabilities

The Group has exposure to litigation of R0 (2024: R1,400 million) and disputed municipal accounts of R59,223 million (2024: R134,615 million).

Disputed municipal accounts are as follows:

- 1. BCM (Dimbaza) - R5,450 304
- 2. OR Tambo DM - R53,772 715

These matters are currently pending. ECDC is challenging these charges with the respective municipalities. No summons has been issued.

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Notes to the Consolidated Annual Financial Statements

| Figures in Rand thousand | Group | | Company | |
|--------------------------|-------|------------|---------|------------|
| | 2025 | 2024 | 2025 | 2024 |
| | | Restated * | | Restated * |

39. Contingent assets and liabilities (continued)

2024 Financial Year Contingent assets

The Group has contingent assets of R 50,552 million (2023: R 59,252 million).

Investment properties:

On an annual basis, the Corporation undertakes a process of ensuring the completeness of investment properties in the register. Investment properties worth R29,672 million were identified as being registered in the name of the ECDC. However, management deemed it prudent to investigate these properties to confirm control over them.

ECDC vs Respondent A:

The matter is expected to be allocated a trial date in June / July 2024. The parties have entered into settlement discussions with the objective to settle the matter in the best interest of the ECDC. The value of contingent asset is estimated at R 19,358 million.

ECDC vs Respondent B:

The respondent's objections to the Bill of Costs is due on or before 15 May 2024. ECDC's reply to the respondent's objections, if any, will be due on or before 12 June 2024. Thereafter, ECDC will apply to the Taxing Master by 14 June 2024 to set down the matter for opposed taxation. Should no objections be received from the respondent, ECDC will apply to the Taxing Master by 17 May 2024 for the bill to be taxed on an unopposed basis. Recovery of ECDC's costs is in progress and the estimated amount of the fees to be recovered is R 1,522 million.

Contingent liabilities

The Group has exposure to litigation of R1,400 million (2023: R5,687 million) and disputed municipal accounts of R134,615 million (2023: R158,676 million).

The matters under litigation are as follows:

EASTERN CAPE DEVELOPMENT CORPORATION

1. The claim relates to a boundary wall which collapsed (R1,399,719) - Summons issued in May 2023 by "Plaintiff A ". The wall separates a commercial ECDC property (Erf 2626 Mthatha) and the property of the plaintiff. The ECDC filed its plea and also obtained an engineer's report in respect of the collapse of the wall. The engineers report indicates that both parties are responsible for the collapse of the wall. The ECDC engineers prepared a report with remedial options which was submitted to the Plaintiff. It is also submitted to the Plaintiff that the parties contribute on a 50/50 basis in respect of the agreed remedial action – this is based on the initial ECDC engineer's report which states that both parties contributed to the collapse of the wall.

Disputed municipal accounts are as follows:

- 1. BCM - Fort Jackson - R5,568,608
- 2. BCM (Dimbaza) - R91,241,232
- 3. OR Tambo DM - R37,804,899

These matters are currently pending. ECDC is challenging these charges with the respective municipalities. No summons has been issued. ECDC efforts have shown significant progress as BCM has credited ECDC with an amount over R75m related to Fort Jackson. Subsequent to year end, BCM further credited ECDC with R100,551 million which related to incorrect billing.

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Notes to the Consolidated Annual Financial Statements

| Figures in Rand thousand | Group | | Company | |
|--------------------------|-------|------------|---------|------------|
| | 2025 | 2024 | 2025 | 2024 |
| | | Restated * | | Restated * |

40. Related parties

| | |
|---|--|
| Relationships | |
| Holding company | Department of Economic Development, Environmental Affairs and Tourism |
| Subsidiaries | Refer to note 7 |
| Associates | Refer to note 8 |
| Minority shareholding held to safeguard interest against loans advanced | Ndlambe Natural Industries Products (Pty) Ltd |
| Members of key management | Mr A Wakaba (Chief Executive Officer) Mr N Ravgee (Chief Financial Officer) Ms Y Sobhuza (Executive: Properties and Facilities management) from 1 October 2024 Mr M Zonke (Chief Investment Officer) Mr N Trimalley (Acting Executive: Properties and Infrastructure Delivery) until 30 September 2024 Ms L Peinke (Acting Executive: Economic Development and Sector Support) until 31 August 2024 Ms N. Matebese (Executive: Economic Development and Sector Support) from 1 September 2024 Mr F Botha (Acting Head: Legal, Compliance and Governance) until 31 December 2024 Ms PN Bija (Head: Legal, Compliance and Governance) from 1 January 2025 Mr DZ Nkonki (Executive: Enterprise Finance and Business Support) Ms L Mbobo-Vava (Executive: Corporate Services) Ms T. Ngxabani (Executive: Infrastructure, Planning and Development) from 1 October 2024 Ms N Ngewu (Head: Strategy and Regional Operations) until February 2025 Mr S. Ralarala (Acting Head: Strategy and Regional Operations) from January 2025 |

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Notes to the Consolidated Annual Financial Statements

| Figures in Rand thousand | Group | | Company | |
|--------------------------|-------|------------|---------|------------|
| | 2025 | 2024 | 2025 | 2024 |
| | | Restated * | | Restated * |

40. Related parties (continued)

| | | | | |
|---|---|---|----------|----------|
| Related party balances | | | | |
| Loan accounts - Owing (to) by related parties | | | | |
| Cross-med Health Care Proprietary Limited | - | - | 3 503 | 3 503 |
| Ndlambe Natural Industries Products Proprietary Limited | - | - | 8 988 | 9 169 |
| Centre for Investment and Marketing in the Eastern Cape (NPC) | - | - | 37 516 | 36 897 |
| Transdev Properties SOC Ltd | - | - | (26 252) | (22 903) |
| Transkei Share Investments Company SOC Ltd | - | - | (24 378) | (24 780) |
| Related party transactions | | | | |
| Interest paid to (received from) related parties | | | | |
| Centre for Investment and Marketing in the Eastern Cape (NPC) | - | - | (1 934) | (1 923) |
| Ndlambe Natural Industries Products (Pty) Ltd | - | - | 180 | (827) |
| Purchases/services rendered from (sales/services rendered to) related parties | | | | |
| Department of Economic Development , Environmental Affairs and Tourism (DEDEAT) | - | - | - | (2 037) |
| Rent paid to (received from) related parties | | | | |
| CIMVEST SOC LTD | - | - | 4 749 | 4 480 |
| Administration fees paid to (received from) related parties | | | | |
| Department of Economic Development , Environmental Affairs and Tourism (DEDEAT) CIMVEST | - | - | - | (128) |
| SOC LTD | - | - | (712) | (672) |
| Transdev Properties SOC Ltd | - | - | (1 353) | (1 247) |
| Government Grants paid to related parties | | | | |
| AIDC Development Centre Eastern Cape SOC Ltd | - | - | 64 175 | 122 684 |
| Prior year changes | | | | |

The prior year related party disclosure included balances and transactions between ECDC and other government departments and institutions outside of the DEDEAT Group. In the current year it was decided that these will no longer be disclosed as related party transactions, the prior year amounts have also been restated. the impact on the prior year AFS is as per below:

Eastern Cape Development Corporation
Consolidated Annual Financial Statements for the year ended 31 March 2025

Notes to the Consolidated Annual Financial Statements

| Figures in Rand thousand | Group | | Company | |
|--------------------------|-------|------------|---------|------------|
| | 2025 | 2024 | 2025 | 2024 |
| | | Restated * | | Restated * |

40. Related parties (continued)

Related party balances

| | | | |
|---|--|--|-------------|
| Amounts included in Trade receivable (Trade Payable) regarding related parties | | | |
| Department of Public Works | | | 29 |
| Eastern Cape Provincial Arts and Culture | | | 15 |
| Total | | | 44 |
| Rent paid to (received from) related parties | | | |
| Department of Public Works (Rent, including interest charged on rent) | | | -49 |
| Eastern Cape Provincial Arts and Culture | | | -382 |
| Total | | | -431 |
| Government Grants paid to related parties | | | |
| Eastern Cape Socio-Economic Consultative Council (ECSECC) | | | 2400 |
| All transactions and balances with related parties are at arm's length. | | | |

41.Directors' and prescribed officer's emoluments

Non-executive

2025

| | | |
|---|--------------|--------------|
| Directors' emoluments | | |
| | Board | Total |
| Services as director or prescribed officer | | |
| Chairperson of the Board - Mr V Jarana | 500 | 500 |
| Deputy Chairperson of the Board - Mr S Somdyala | 248 | 248 |
| Ms S Siko | 247 | 247 |
| Ms P Bono | 154 | 154 |
| Ms T Cumming | 216 | 216 |
| Ms N Pietersen | 135 | 135 |
| Dr M Makamba | 11 | 11 |
| Mr V Tshangana (Audit committee member only) | 66 | 66 |
| Ms L Smith (Audit committee member only) | 99 | 99 |
| Dr A Madyibi (Audit committee member only) | 50 | 50 |
| Mr P. Songo (Audit committee member only) | 26 | 26 |
| | 1 752 | 1 752 |

Eastern Cape Development Corporation
Consolidated Annual Financial Statements for the year ended 31 March 2025

Notes to the Consolidated Annual Financial Statements

| Figures in Rand thousand | Group | | Company | |
|--------------------------|-------|------------|---------|------------|
| | 2025 | 2024 | 2025 | 2024 |
| | | Restated * | | Restated * |

2024

| | | |
|---|--------------|--------------|
| Directors' emoluments | Board | Total |
| Services as director or prescribed officer | | |
| Chairperson of the Board - Mr V Jarana | 237 | 237 |
| Deputy Chairperson of the Board - Mr S Somdyala | 227 | 227 |
| Ms S Siko | 121 | 121 |
| Ms P Bono | 182 | 182 |
| Ms T Cumming | 150 | 150 |
| Ms N Pietersen | 127 | 127 |
| Dr M Makamba | 195 | 195 |
| Mr V Tshangana (Audit committee member only) | 142 | 142 |
| Mr T Maphanga (Audit committee member only) | 5 | 5 |
| Ms L Smith (Audit committee member only) | 69 | 69 |
| Dr A Madyibi (Audit committee member only) | 16 | 16 |
| | 1 471 | 1 471 |

Compensation to ECDC executive management

2025

| | | | |
|----------------------------|----------|---|-------|
| Remuneration to executives | Earnings | Contributions paid under pension scheme and medical aid | Total |
|----------------------------|----------|---|-------|

Compensation to ECDC executive management

| | | | |
|---|-------|-----|-------|
| Mr A Wakaba (Chief Executive Officer) | 3 470 | 229 | 3 699 |
| Mr N Ravgee (Chief Financial Officer) until 31 March 2025 | 2 583 | - | 2 583 |
| Ms L Peinke (Acting Executive: Econ Dev Coordination and Sector Support) until 31 August 2024 | 70 | - | 70 |
| Ms N Ngewu (Head: Strategy and Regional operations) until February 2025 | 1 809 | - | 1 809 |

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Notes to the Consolidated Annual Financial Statements

| Figures in Rand thousand | Group | | Company | |
|--------------------------|-------|------------|---------|------------|
| | 2025 | 2024 | 2025 | 2024 |
| | | Restated * | | Restated * |

41. Directors' and prescribed officer's emoluments (continued)

| | | | |
|---|---------------|--------------|---------------|
| Ms L Mbobo-Vava (Executive: Corporate services) | 2 065 | 220 | 2 285 |
| Mr DZ Nkonki (Executive: Enterprise Finance and Business Support) | 2 112 | 70 | 2 182 |
| Mr S. Ralarala (Acting Head: Strategy and Regional Operations) from 1 January 2025 | 44 | - | 44 |
| Ms NP Bija (Head: Legal, Compliance and Governance) from 1 January 2025 | 511 | 60 | 571 |
| Mr F Botha (Acting Head: Legal, Compliance and Governance) until 31 December 2024 | 128 | - | 128 |
| Ms N. Matebese (Executive: Economic Development and Sector Support) from 1 September 2024 | 1 235 | 145 | 1 380 |
| Mr K Zonke (Chief Investment Officer) | 2 469 | 219 | 2 688 |
| Mr N. Trimalley (Acting Head: Properties and Infrastructure Delivery) until 30 September 2024 | 70 | - | 70 |
| Ms Y. Sobhuza (Executive: Properties and Facilities Management) from 1 October 2024 | 1 166 | 116 | 1 282 |
| Ms T. Ngxabani (Executive: Infrastructure, Planning and Development) from 1 October 2024 | 926 | 70 | 996 |
| | 18 658 | 1 129 | 19 787 |

2024

Remuneration to executives

| Remuneration to executives | Earnings | Gratuity Contributions paid under pension scheme & medical aid | Total |
|--|---------------|--|---------------|
| Compensation to ECDC executive management | | | |
| Mr A Wakaba - Chief Executive Officer | 3 198 | - 229 | 3 427 |
| Mr N Ravgee - Chief Financial Officer | 2 193 | - - | 2 193 |
| Mr C Thompson (Head: Properties and Infrastructure Delivery) | 1 849 | 1 715 149 | 3 713 |
| Ms L Peinke (Acting Executive: Econ Dev Coordination and Sector Support) appointed on 7 October 2022 | 138 | - - | 138 |
| Ms L Mbobo-Vava (Executive: Corporate Services) from 1 December 2023 | 615 | - 73 | 688 |
| Ms N Matoti (Acting Executive: Corporate Services) until 3 November 2023 | 79 | - - | 79 |
| Mr P George (Acting Executive: Chief Investment Officer) until 4 June 2023 | 33 | - - | 33 |
| Mr F Botha (Acting Head: Legal, Compliance and Governance) from 1 December 2023 | 38 | - - | 38 |
| Mr K. Zonke (Chief Investment Officer) from 5 June 2023 | 1 955 | - 150 | 2 105 |
| Mr DZ Nkonki (Executive: Rural and Enterprise Finance and Business Support) until 30 November 2023 | 2 070 | - - | 2 070 |
| Mrs Z Thomas (Acting Head: Legal, Compliance and Governance) | 91 | - - | 91 |
| Mr M Mpikashe (Head: Legal, Compliance and Governance) until 31 January 2024 | 1 636 | - 186 | 1 822 |
| Mr R. Nayo (Acting Head: Properties and Infrastructure Delivery) from 1 March 2024 | 12 | - - | 12 |
| | 13 907 | 1 715 787 | 16 409 |

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Notes to the Consolidated Annual Financial Statements

| Figures in Rand thousand | Group | | Company | |
|--------------------------|-------|------------|---------|------------|
| | 2025 | 2024 | 2025 | 2024 |
| | | Restated * | | Restated * |

42. Prior period errors

Restatement to Investment Properties relates to the following:

Recognition – 8 investment properties were recognised in the current year; these were confirmed to be belonging to ECDC. ECDC intensely correlated asset register to Deedsweb to ensure Property completeness. It was during this process 8 properties were identified to belong to ECDC.

The combined value of Investment properties recognised in the current year is R16 million with these ERF numbers (1261, 2993, 2994, 3000, 3001, 2736, 86 and 1801) all these assets are in the Amathole region.

-Fair Value was incorrectly recognised for legacy disposed properties, when the transfer finally took place the fair values recognised for these properties had to be reversed. - The value of the Fair Value gains that was reversed was a total of R930 thousand.

-Two properties were disposed in prior years but were not removed from the register, total amount for these properties is R935.280 thousand.

-An amount for a transferred property was received from conveyancers after 2024 year end. A debtors account was created so as to receipt the amount owing against the debtors account. On receipt of the amount owing, a prior period error account was erroneously credited instead of clearing the debtors account.

Trade and other payables (Properties awaiting transfer):

-Realisation of disposal proceeds on legacy sales - Proceeds were incorrectly realised to profit before the property was transferred. Transfer of this properties was completed in the current financial year, therefore proceeds should have been recognised in the current financial year. The value for this entry is R151.074 thousand.

Trade and other receivables:

This prior period entry is to rectify error by crediting the debtors account and debiting the prior period account that was erroneously credited in the previous financial year, the value of this entry is R2.365 million and relates to ERF numbers (2446 and 846). The entry does not affect investment properties, but a reduction in sundry debtors.

Investments in associates

The prior year adjustment relates to the realisation of share of the group's prior year accumulated profits in Mthatha hotel (49.95%) which was not realised in the prior years.

The correction of the error(s) resulted in adjustments as follows in the 2024 financial year:

| Statement of Financial Position 2024 | As previously reported | Adjustments | As restated | As previously reported | Adjustments | As restated |
|--------------------------------------|------------------------|---------------|------------------|------------------------|---------------|------------------|
| Investment Properties | 1 370 395 | 14 135 | 1 384 530 | 1 284 595 | 14 135 | 1 298 730 |
| Trade and other payables | (96 962) | (151) | (97 113) | (90 341) | (151) | (90 492) |
| Trade and other receivables | 31 236 | (2 365) | 28 871 | 29 215 | (2 365) | 26 850 |
| Investments in associates | 34 653 | 1 641 | 36 294 | - | - | - |
| Subtotal | 1 339 322 | 13 260 | 1 352 582 | 1 223 469 | 11 619 | 1 235 088 |
| | 1 339 322 | 13 260 | 1 352 582 | 1 223 469 | 11 619 | 1 235 088 |

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Notes to the Consolidated Annual Financial Statements

| Figures in Rand thousand | Group | | Company | |
|--|-------|--------------------|---------|--------------------|
| | 2025 | 2024 Restated * | 2025 | 2024 Restated * |
| Summary of prior year restatements | | | | |
| Recognition of investment property | | | | (16 000) |
| Fair Value was incorrectly recorded in the property register | | | | 930 |
| Realisation of group's share of Mthatha Hotel's prior year accumulated profits | | | | (1 641) |
| Errors on revaluation of prior year disposals | | | | 935 |
| Realisation of disposal proceeds on legacy sales | | | | 151 |
| Clearing of a debtors account on property transfers from conveyancers | | | | 2 365 |
| | | | | (13 260) |

43. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

Group - 2025

| | Note(s) | Fair value through other comprehen- sive income - equity instruments | Fair value through profit or loss - Mandatory | Amortised cost | Total | Fair value |
|-----------------------------|---------|---|--|-------------------|----------------|---------------|
| Loans receivable | 10 | - | - | 88 879 | 88 879 | - |
| Investments at fair value | 11 | 14 793 | 18 413 | - | 33 206 | 33 206 |
| Trade and other receivables | 12 | - | - | 25 284 | 25 284 | - |
| Cash and cash equivalents | 15 | - | - | 319 051 | 319 051 | - |
| | | 14 793 | 18 413 | 433 214 | 466 420 | 33 206 |

Group - 2024

| | Note(s) | Fair value through other comprehen- sive income - equity instruments | Fair value through profit or loss - Mandatory | Amortised cost | Total | Fair value |
|-----------------------------|---------|---|--|-------------------|----------------|---------------|
| Loans receivable | 10 | - | - | 46 267 | 46 267 | - |
| Investments at fair value | 11 | 23 913 | 3 700 | - | 27 613 | 27 613 |
| Trade and other receivables | 12 | - | - | 27 952 | 27 952 | - |
| Cash and cash equivalents | 15 | - | - | 435 635 | 435 635 | - |
| | | 23 913 | 3 700 | 509 854 | 537 467 | 27 613 |

Company - 2025

| | Note(s) | Fair value through other comprehen- sive income - equity instruments | Fair value through profit or loss - Mandatory | Amortised cost | Total | Fair value |
|-----------------------------|---------|---|--|----------------|----------------|---------------|
| Loans to group companies | 9 | - | - | 37 516 | 37 516 | - |
| Loans receivable | 10 | - | - | 88 879 | 88 879 | - |
| Investments at fair value | 11 | 14 793 | 16 384 | - | 31 177 | 31 177 |
| Trade and other receivables | 12 | - | - | 23 767 | 23 767 | - |
| Cash and cash equivalents | 15 | - | - | 258 345 | 258 345 | - |
| | | 14 793 | 16 384 | 408 507 | 439 684 | 31 177 |

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Notes to the Consolidated Annual Financial Statements

| Figures in Rand thousand | Group | | Company | |
|--------------------------|-------|--------------------|---------|--------------------|
| | 2025 | 2024 Restated * | 2025 | 2024 Restated * |

43. Financial instruments and risk management (continued)

Company - 2024

| | Note(s) | Fair value through other comprehen- sive income - equity instruments | Fair value through profit or loss - Mandatory | Amortised cost | Total | Fair value |
|-----------------------------|---------|---|--|----------------|----------------|---------------|
| Loans to group companies | 9 | - | - | 36 897 | 36 897 | - |
| Loans receivable | 10 | - | - | 46 267 | 46 267 | - |
| Investments at fair value | 11 | 23 913 | 2 234 | - | 26 147 | 26 147 |
| Trade and other receivables | 12 | - | - | 26 008 | 26 008 | - |
| Cash and cash equivalents | 15 | - | - | 362 343 | 362 343 | - |
| | | 23 913 | 2 234 | 471 515 | 497 662 | 26 147 |

Categories of financial liabilities

Group - 2025

| | Note(s) | Amortised cost | Leases | Total | Fair value |
|--------------------------|---------|----------------|--------------|---------------|------------|
| Trade and other payables | 23 | 90 074 | - | 90 074 | - |
| Borrowings | 19 | 567 | - | 567 | - |
| Lease liabilities | 4 | - | 4 013 | 4 013 | - |
| | | 90 641 | 4 013 | 94 654 | - |

Group - 2024

| | Note(s) | Amortised cost | Leases | Total | Fair value |
|---------------------------|---------|----------------|--------------|----------------|------------|
| Trade and other payables | 23 | 82 479 | - | 82 479 | - |
| Borrowings | 19 | 20 000 | - | 20 000 | - |
| Finance lease obligations | 4 | - | 1 158 | 1 158 | - |
| | | 102 479 | 1 158 | 103 637 | - |

Company - 2025

| | Note(s) | Amortised cost | Leases | Total | Fair value |
|----------------------------|---------|----------------|---------------|----------------|------------|
| Trade and other payables | 23 | 88 068 | - | 88 068 | - |
| Loans from group companies | 18 | 50 990 | - | 50 990 | - |
| Borrowings | 19 | 567 | - | 567 | - |
| Lease liabilities | 4 | - | 13 150 | 13 150 | - |
| | | 139 625 | 13 150 | 152 775 | - |

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Notes to the Consolidated Annual Financial Statements

| Figures in Rand thousand | Group | | Company | |
|--------------------------|-------|------------|---------|------------|
| | 2025 | 2024 | 2025 | 2024 |
| | | Restated * | | Restated * |

44. Financial instruments and risk management (continued)

Company - 2024

| | Note(s) | Amortised cost | Leases | Total | Fair value |
|----------------------------|---------|----------------|---------------|----------------|------------|
| Trade and other payables | 23 | 81 003 | - | 81 003 | - |
| Loans from group companies | 18 | 47 683 | - | 47 683 | - |
| Borrowings | 19 | 20 000 | - | 20 000 | - |
| Finance lease obligations | 4 | - | 16 834 | 16 834 | - |
| | | 148 686 | 16 834 | 165 520 | - |

Pre tax gains and losses on financial instruments

Gains and losses on financial assets

Group - 2025

| | Note(s) | Fair value through profit or loss - Mandatory | Fair value through profit or loss – Designated | Amortised cost | Total |
|---|---------|---|--|----------------|---------------|
| Interest income | 31 | - | - | 25 700 | 25 700 |
| Dividend income | 31 | 1 285 | - | - | 1 285 |
| Gains (losses) on valuation adjustments | 26&32 | - | 14 207 | - | 14 207 |
| Net gains (losses) | | 1 285 | 14 207 | 25 700 | 41 192 |

Group - 2024

| | Note(s) | Fair value through profit or loss - Mandatory | Fair value through profit or loss - Designated | Amortised cost | Total |
|---|---------|---|--|----------------|---------------|
| Interest income | 31 | - | - | 30 555 | 30 555 |
| Dividend income | 31 | 134 | - | - | 134 |
| Gains (losses) on valuation adjustments | 26&32 | - | (5 052) | - | (5 052) |
| Net gains (losses) | | 134 | (5 052) | 30 555 | 25 637 |

Company - 2025

| | Note(s) | Fair value through profit or loss - Mandatory | Fair value through profit or loss - Designated | Amortised cost | Total |
|---|---------|---|--|----------------|---------------|
| Interest income | 31 | - | - | 23 142 | 23 142 |
| Dividend income | 31 | 1 137 | - | - | 1 137 |
| Gains (losses) on valuation adjustments | 26&32 | - | 14 149 | - | 14 149 |
| Net gains (losses) | | 1 137 | 14 149 | 23 142 | 38 428 |

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Notes to the Consolidated Annual Financial Statements

| Figures in Rand thousand | Group | | Company | |
|--------------------------|-------|------------|---------|------------|
| | 2025 | 2024 | 2025 | 2024 |
| | | Restated * | | Restated * |

43. Financial instruments and risk management (continued)

Company - 2024

| | Note(s) | Fair value through profit or loss - Designated | Amortised cost | Total |
|---|---------|--|----------------|---------------|
| Interest income | 31 | - | 29 840 | 29 840 |
| Gains (losses) on valuation adjustments | 26&32 | (5 052) | - | (5 052) |
| Net gains (losses) | | (5 052) | 29 840 | 24 788 |

Gains and losses on financial liabilities

Group - 2025

| | Note(s) | Amortised cost | Leases | Total |
|---------------|---------|----------------|--------|-------|
| Finance costs | 32 | (1) | (298) | (299) |

Group - 2024

Recognised in profit or loss:

| | Note(s) | Leases | Total |
|---------------|---------|--------|-------|
| Finance costs | 32 | (161) | (161) |

Company - 2025

Recognised in profit or loss:

| | Note(s) | Amortised cost | Leases | Total |
|---------------|---------|----------------|---------|---------|
| Finance costs | 32 | (1) | (1 567) | (1 568) |

Company - 2024

Recognised in profit or loss:

| | Note(s) | Leases | Total |
|---------------|---------|---------|---------|
| Finance costs | 32 | (1 902) | (1 902) |

Capital risk management

The Group's objective when managing capital which includes share capital, borrowings, working capital and cash and cash equivalents is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the Group's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

The capital structure and gearing ratio of the Group at the reporting date was as follows:

| | | | | | |
|----------------------------|----|----------------|----------------|----------------|----------------|
| Loans from group companies | 18 | - | - | 50 990 | 47 683 |
| Borrowings | 19 | 567 | 20 000 | 567 | 20 000 |
| Lease liabilities | 4 | 4 013 | 1 158 | 13 150 | 16 834 |
| Trade and other payables | 23 | 108 109 | 97 113 | 100 559 | 90 492 |
| Total borrowings | | 112 689 | 118 271 | 165 266 | 175 009 |
| Cash and cash equivalents | 15 | (319 051) | (435 635) | (258 345) | (362 343) |

Notes to the Consolidated Annual Financial Statements

| Figures in Rand thousand | Group | | Company | |
|--------------------------|-------|------------|---------|------------|
| | 2025 | 2024 | 2025 | 2024 |
| | | Restated * | | Restated * |

43. Financial instruments and risk management (continued)

| Net borrowings | (206 362) | (317 364) | (93 079) | (187 334) |
|----------------|-----------|-----------|-----------|-----------|
| Equity | 1 736 302 | 1 613 660 | 1 580 213 | 1 469 341 |
| Gearing ratio | (12)% | (20)% | (6)% | (13)% |

Financial risk management

Overview

Risk management is fundamental to the Group's business and plays a fundamental role in enabling management to operate more effectively in an ever-changing environment.

The approach followed by the Group to manage risk is to ensure that all significant risks are identified and managed.

This note describes the Group's overall risk management. Information has been disaggregated relative to the characteristics of the various financial instruments used by the Group. Further, quantitative information in respect of these risks is presented throughout these Group consolidated annual financial statements.

The Group is exposed to the following risks from its financial instruments:

- Credit risk related to the potential for counterparty default;
- Liquidity and/or funding risk relating to the cost of maintaining various financial positions, financial compliance risk and the dependency in relation to income from grant funding;
- Market risk related to the volatility in interest rates and inappropriate pricing relative to the cost of funding and risk assumed;
- Concentration risk of investments in certain asset classes, industries and/or regions; and
- Dependency in relation to income on a limited number of exposures or counterparties and/or financial products. The board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework.
- The board has established the risk committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports quarterly to the board of directors on its activities.

The Board of Directors has overall responsibility for the determination of the Group's risk management objectives and policies and for the establishment and oversight of the Group's risk management framework. The board has established the Audit, Risk and Compliance Committee, which is responsible for developing and monitoring the Group's risk management policies and framework. The committee reports regularly to the Board of Directors on its activities.

The overall objective of the Board is to set policies that reduce the risk that they are exposed to as far as possible without unduly affecting the Group's general business operations. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group has established an Enterprise Risk Management Framework (ERM) that is organisationally embedded and is reviewed on a regular basis by the Audit, Risk and Compliance Committee. ERM is considered from an enterprise wide portfolio perspective, namely, integration (spanning all lines of business), comprehensive (covering all types of risk) and strategic (aligned with the overall business strategy).

Notes to the Consolidated Annual Financial Statements

| Figures in Rand thousand | Group | | Company | |
|--------------------------|-------|------------|---------|------------|
| | 2025 | 2024 | 2025 | 2024 |
| | | Restated * | | Restated * |

43. Financial instruments and risk management (continued)

The objective of ERM is to continuously provide and update risk identification, validation, management and review of the risks.

One of the key practices of risk management is the determination and quantification of an organisation's risk appetite based on what is of strategic importance. The risk appetite forms the basis of the extent to which the Group tolerates risks as identified by performance indicators, operational parameters and process controls to increase shareholder value.

The Group audit committee oversees how management monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit and the risk committee and followed up through their internal audit findings review.

Credit risk refers to the risk that a counterparty to a financial instrument fails to meet its obligations in accordance with the agreed terms and conditions of the underlying contract, thereby causing the asset holder to suffer a financial loss.

Credit risk comprises the potential loss on loans receivable, advances, operating lease receivables, equity instruments at fair value through other comprehensive income, investments and the placement of cash and cash equivalents (deposits) with financial institutions. Credit risk for exposures other than those arising on cash and cash equivalents, are managed by making use of credit approvals, limits and monitoring.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Operating Leases (rental receivables)

At initial recognition of an operating lease the credit risk of default of the tenant is assessed on an individual basis taking into account historic, current and forward looking information. Tenant collateral in the form of deposits and/or guarantees are obtained. When determining the risk of default, management considers information such as payment history to date.

Cash and cash equivalents

Credit risk exposure arising on cash and cash equivalents is managed by the Group through dealing with well-established financial institutions with high credit ratings.

Loans receivable

At initial recognition the credit risk of loans receivable is evaluated with reference to available historical, forward looking financial information and external bureau data (where available) of each transaction on its own merit before terms and conditions of the loan is offered.

Collateral is also obtained when necessary. Counterparty credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Notes to the Consolidated Annual Financial Statements

| Figures in Rand thousand | Group | | Company | |
|--------------------------|-------|--------------------|---------|--------------------|
| | 2025 | 2024 Restated * | 2025 | 2024 Restated * |

43. Financial instruments and risk management (continued)

Credit loss allowances

Credit loss allowances for expected credit losses are recognised for all debt instruments, but excluding those measured at fair value through profit or loss. Credit loss allowances are also recognised for loan commitments and financial guarantee contracts.

In order to calculate credit loss allowances, management determines whether the loss allowances should be calculated on a 12 month or on a lifetime expected credit loss basis. This determination depends on whether there has been a significant increase in the credit risk since initial recognition. If there has been a significant increase in credit risk, then the loss allowance is calculated based on lifetime expected credit losses. If not, then the loss allowance is based on 12 month expected credit losses. This determination is made at the end of each financial period. Thus the basis of the loss allowance for a specific financial asset could change year on year.

Management applies the principle that if a financial asset's credit risk is low at year end, then, by implication, the credit risk has not increased significantly since initial recognition. In all such cases, the loss allowance is based on 12 month expected credit losses. Credit risk is assessed as low if there is a low risk of default (where default is defined as occurring when amounts are 90 days past due).

In any event, if amounts are 30 days past due, then the credit risk is assumed to have increased significantly since initial recognition. Credit risk is not assessed to be low simply because of the value of collateral associated with a financial instrument. If the instrument would not have a low credit risk in the absence of collateral, then the credit risk is not considered low when taking the collateral into account. Rental receivables and loans which do not contain a significant financing component are the exceptions and are discussed below.

The methodology and assumptions used for estimating future cash flows are reviewed on a regular basis to reduce any differences between loss estimates and actual loss experience. A measurement of Expected Credit Loss (ECL) allowances has been done, taking into account the forward looking information and time value of money. Based on the regression analysis performed, there was no correlation between the loss rates and the macroeconomic factors. However, no adjustment factor for the impact of Covid-19 has been applied to the allowances for loans advanced and rent receivables as the impact has been insignificant.

The Group's internal rating is applied on rental receivables and loans advanced based on the national or local economic conditions that correlate with defaults on the receivables. Objective reasons may further result in an exposure being classified manually based on covenant breaches and payment arrangements made.

The credit rating categories are assigned to the rent receivables and loans advanced, on an individual basis.

The exposure of the Group to credit risk at the end of the reporting period, without taking into account any collateral held, would increase to the full balances of gross carrying amounts indicated in the table below. Credit risk for exposures other than those arising on cash and cash equivalents, are managed by making use of credit approvals, limits and monitoring. The Group only deals with reputable counterparties with consistent payment histories. Sufficient collateral or guarantees are also obtained when necessary. Each counterparty is analysed individually for creditworthiness before terms and conditions are offered. The analysis involves making use of information submitted by the counterparties as well as external bureau data (where available). Counterparty credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

The maximum exposure to credit risk is presented in the table below:



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Notes to the Consolidated Annual Financial Statements

| | | Group | | Company | | | |
|---|----|-----------------------|-----------------------|-----------------------------|-----------------------|-----------------------|-----------------------------|
| Figures in Rand thousand | | 2025 | 2024 | 2025 | 2024 | | |
| 43. Financial instruments and risk management (continued) | | | | | | | |
| Group | | 2025 | | 2024 | | | |
| | | Gross carrying amount | Credit loss allowance | Amortised cost / fair value | Gross carrying amount | Credit loss allowance | Amortised cost / fair value |
| Loans receivable | 10 | 181 075 | (92 196) | 88 879 | 152 602 | (106 335) | 46 267 |
| Trade and other receivables | 12 | 548 675 | (514 266) | 34 409 | 523 797 | (494 926) | 28 871 |
| Cash and cash equivalents | 15 | 319 051 | - | 319 051 | 435 635 | - | 435 635 |
| | | 1 048 801 | (606 462) | 442 339 | 1 112 034 | (601 261) | 510 773 |
| Company | | 2025 | | 2024 | | | |
| | | Gross carrying amount | Credit loss allowance | Amortised cost / fair value | Gross carrying amount | Credit loss allowance | Amortised cost / fair value |
| Loans to group companies | 9 | 37 516 | - | 37 516 | 36 897 | - | 36 897 |
| Loans receivable | 10 | 181 075 | (92 196) | 88 879 | 152 602 | (106 335) | 46 267 |
| Trade and other receivables | 12 | 545 572 | (513 325) | 32 247 | 521 753 | (494 903) | 26 850 |
| Cash and cash equivalents | 15 | 258 345 | - | 258 345 | 362 343 | - | 362 343 |
| | | 1 022 508 | (605 521) | 416 987 | 1 073 595 | (601 238) | 472 357 |

Concentration Risk

Risk concentrations can arise in a financial organisation’s assets, liabilities or off-balance sheet items, through the execution or processing of transactions (either product or service), or through a combination of exposures across these broad categories. The potential for loss reflects the size of the position and the extent of loss given a particular adverse circumstance.

The Group can be exposed to various forms of credit risk concentration which, if not properly managed, may cause significant losses that could threaten its financial health. Accordingly, the Group considers the management (including measurement and control) of its credit concentrations to be of vital importance. In this instance, due to ECDC’s business model, ECDC is exposed to the economic conditions affecting the Eastern Cape.

However, despite the recognition of credit concentration as important sources of risk for portfolios, there is no generally accepted approach or methodology for dealing with the issue (including measurement) of concentration particularly with respect to sector or industry concentration. The Group’s risk appetite and tolerance framework, sets concentration limits which are monitored on an individual and asset level

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Notes to the Consolidated Annual Financial Statements

| Figures in Rand thousand | Group | | Company | |
|--------------------------|-------|------------|---------|------------|
| | 2025 | 2024 | 2025 | 2024 |
| | | Restated * | | Restated * |

43. Financial instruments and risk management (continued)

Liquidity risk

The ECDC is accountable to its sole shareholder, the Department of Economic Development Department (DEDEAT). The performance as well as management of ECDC’s capital is supported by the agreement between the Corporation and the shareholder in a form of the Shareholder’s Compact which outlines the agreements between the two parties.

The Group is exposed to liquidity risk, which is the risk that the Group will encounter difficulties in meeting its obligations as they become due.

The Group manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through cash generated from operations and deposits are held at central banking institutions.

The ECDC's risk appetite and tolerance framework, sets the liquidity requirement which is monitored by management and the Board on a regular basis.

Further, a twelve month cash flow forecast is prepared to identify and manage liquidity risk. Where necessary, additional resources are secured from the shareholder to shore up liquidity. In addition to these measures, management constantly assesses the most liquid assets for liquidation should the need arise to mitigate the liquidity risk.

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

| Group - 2025 | | | | | | |
|--------------------------------|----|------------------|----------------|-----------------|------------------|------------------|
| | | Less than 1 year | 2 to 5 years | Total | Carrying amount | |
| Non-current liabilities | | | | | | |
| Borrowings | 19 | - | 567 | 567 | 567 | |
| Lease liabilities | 4 | - | 3 352 | 3 352 | 3 352 | |
| Current liabilities | | | | | | |
| Trade and other payables | 23 | 89 775 | - | 89 775 | 89 775 | |
| Lease liabilities | 4 | 661 | - | 661 | 661 | |
| | | (90 436) | (3 919) | (94 355) | (94 355) | |
| Group - 2024 | | | | | | |
| | | Less than 1 year | 2 to 5 years | Over 5 years | Total | Carrying amount |
| Non-current liabilities | | | | | | |
| Borrowings | 19 | - | - | 20 000 | 20 000 | 20 000 |
| Lease liabilities | | - | 607 | - | 607 | 607 |
| Current liabilities | | | | | | |
| Trade and other payables | 23 | 82 479 | - | - | 82 479 | 82 479 |
| Lease liabilities | 4 | 551 | - | - | 551 | 551 |
| | | (83 030) | (607) | (20 000) | (103 637) | (103 637) |
| Company - 2025 | | | | | | |
| | | Less than 1 year | 2 to 5 years | Over 5 years | Total | Carrying amount |

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Notes to the Consolidated Annual Financial Statements

| Figures in Rand thousand | Group | | Company | |
|--------------------------|-------|------------|---------|------------|
| | 2025 | 2024 | 2025 | 2024 |
| | | Restated * | | Restated * |

43. Financial instruments and risk management (continued)

| | | | | | | |
|--------------------------------|----|------------------|-----------------|-----------------|------------------|------------------|
| Non-current liabilities | 18 | - | - | 50 990 | 50 990 | 50 990 |
| Loans from group companies | | | | | | |
| Borrowings | 19 | - | - | 567 | 567 | 567 |
| Lease liabilities | | - | 7 575 | - | 7 575 | 7 575 |
| Current liabilities | | | | | | |
| Trade and other payables | 23 | 88 068 | - | - | 88 068 | 88 068 |
| Lease liabilities | 4 | 5 575 | - | - | 5 575 | 5 575 |
| | | (93 643) | (7 575) | (51 557) | (152 775) | (152 775) |
| Company - 2024 | | | | | | |
| | | Less than 1 year | 2 to 5 years | Over 5 years | Total | Carrying amount |
| Non-current liabilities | | | | | | |
| Loans from group companies | 18 | - | - | 47 683 | 47 683 | 47 683 |
| Borrowings | 19 | - | - | 20 000 | 20 000 | 20 000 |
| Lease liabilities | | - | 11 583 | - | 11 583 | 11 583 |
| Current liabilities | | | | | | |
| Trade and other payables | 23 | 81 003 | - | - | 81 003 | 81 003 |
| Lease liabilities | 4 | 5 251 | - | - | 5 251 | 5 251 |
| | | (86 254) | (11 583) | (67 683) | (165 520) | (165 520) |

Market risk

Interest rate risk

Fluctuations in interest rates impact on the value of investments and financing activities, giving rise to interest rate risk.

Interest rate risk is the potential negative impact on interest income and it refers to the vulnerability of the Group's financial condition to the movement in interest rates. Changes in interest rates affect earnings, value of assets, liabilities and cash flow.

The Group policy with regards to financial assets, is to invest cash at floating rates of interest and to maintain cash reserves in short-term investments in order to maintain liquidity, while also achieving a satisfactory return for shareholders.

The Group is exposed to interest rate risk arising mainly from the investment in development loans, rent receivables and investment in surplus operational cash. The changes in prime lending rate throughout the financial year ending 31 March 2020 has reduced the interest earned on loans advanced, rent receivables and investment income earned on surplus operational cash. Interest rates have started going up during 2022 financial year end as a result of high inflation forcing the Reserve bank to increase its Repo rate and subsequent increase in Prime lending rates.

There has been no significant changes in the interest rate risk management policies and processes since the prior reporting period.

Details of interest rate risk exposure are contained in the relevant notes throughout these financial statements.

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Notes to the Consolidated Annual Financial Statements

| | Group | | Company | |
|--------------------------|-------|------------|---------|------------|
| Figures in Rand thousand | 2025 | 2024 | 2025 | 2024 |
| | | Restated * | | Restated * |

44. Fair value information

Fair value hierarchy

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the Group can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Levels of fair value measurements

Level 1

Recurring fair value measurements

| Assets | Note(s) | | | | |
|---|---------|-------|-------|---|---|
| Financial assets mandatorily at fair value through profit or loss | 11 | | | | |
| Listed shares | | 3 413 | 2 907 | - | - |
| Total | | 3 413 | 2 907 | - | - |

Listed shares are valued at their market values as at year end. The share price for all shares held by Group is readily available on JSE.

Level 2

Recurring fair value measurements

| Assets | Note(s) | | | | |
|---|---------|-----------|-----------|-----------|-----------|
| Investment property | 5 | 1 509 904 | 1 384 530 | 1 424 104 | 1 298 730 |
| Property, plant and equipment | 3 | | | | |
| Land | | 4 565 | 4 565 | 3 265 | 3 265 |
| Buildings | | 69 803 | 70 910 | 35 003 | 36 110 |
| Total property, plant and equipment | | 74 368 | 75 475 | 38 268 | 39 375 |
| Equity investments at fair value through other comprehensive income | 11 | | | | |
| Unlisted shares | | 14 793 | 23 913 | 14 793 | 23 913 |
| Total equity investments at fair value through other comprehensive income | | 14 793 | 23 913 | 14 793 | 23 913 |
| Financial assets mandatorily at fair value through profit or loss | 11 | | | | |
| Unlisted shares | | 15 000 | 793 | 16 384 | 2 234 |
| Total | | 1 614 065 | 1 484 711 | 1 493 549 | 1 364 252 |

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Notes to the Consolidated Annual Financial Statements

| | Group | | Company | |
|--------------------------|-------|------------|---------|------------|
| Figures in Rand thousand | 2025 | 2024 | 2025 | 2024 |
| | | Restated * | | Restated * |

44. Fair value information (continued)

1.1 The fair value of investment properties is determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the investment property being valued. The valuation company provides the fair value of the Group's investment portfolio every third year and at any time when suitable to dispose of a property.

1.2 The remainder were all valued within the 3-year cycle for external valuations in line with our accounting policy. Valuations of investment properties are performed by the professional valuers using a combination of income capitalisation, depreciated cost method and comparable sales, depending on the existing use of each individual investment property.

2. The fair value of office buildings (owner occupied properties which includes and land buildings) is determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the investment property being valued. The valuation company provides the fair value of the Group's property portfolio every third year and when suitable to dispose of a property.

3. Investments in equity instruments that are accounted for through profit or loss are valued using the Earnings based method. The Earnings growth are looked for over a period of time to establish the growth in the entity.

The group policy is to value its investments in equity every 3 years. Yearly valuations are done where valuation information is available.

Eastern Cape Development Corporation
Consolidated Annual Financial Statements for the year ended 31 March 2025

Notes to the Consolidated Annual Financial Statements

| Figures in Rand thousand | Group | | Company | |
|--------------------------|-------|------|---------|------|
| | 2025 | 2024 | 2025 | 2024 |

43. Fair value information (continued)

Reconciliation of assets and liabilities measured at level 1 & 2

| | Note(s) | Opening balance | Gains (losses) recognised in profit (loss) | Gains (losses) recognised in other comprehensive income | Purchases | Sales | Other movements or changes | Closing balance |
|--|---------|------------------|--|---|-----------|-----------------|----------------------------|------------------|
| Group - 2025 | | | | | | | | |
| Assets | | | | | | | | |
| Investment property | | | | | | | | |
| Investment property | | 1 384 530 | 55 423 | - | 104 455 | (24 911) | (9 593) | 1 509 904 |
| Property, plant and equipment | | | | | | | | |
| Land | 3 | 4 565 | - | - | - | - | - | 4 565 |
| Buildings | | 70 910 | - | (1 260) | - | - | 153 | 69 803 |
| Total property, plant and equipment | | 75 475 | - | (1 260) | - | - | 153 | 74 368 |
| Equity investments at fair value through other comprehensive income | | | | | | | | |
| Unlisted shares | 11 | 23 913 | - | (9 120) | - | - | - | 14 793 |
| Financial assets mandatorily at fair value through profit or loss | | | | | | | | |
| Listed shares | 11 | 2 907 | 506 | - | - | - | - | 3 413 |
| Unlisted shares | | 793 | 14 207 | - | - | - | - | 15 000 |
| Total financial assets mandatorily at fair value through profit or loss | | 3 700 | 14 713 | - | - | - | - | 18 413 |
| Total | | 1 487 618 | 70 136 | (35 291) | - | (24 911) | 153 | 1 617 478 |

Group - 2024

Assets

Notes to the Consolidated Annual Financial Statements

| | | Group | | Company | | | | |
|---|---------|-----------------|---|---|-----------|----------|----------|-----------------|
| Figures in Rand thousand | | 2025 | 2024 | 2025 | 2024 | | | |
| 44. Fair value information (continued) | | | | | | | | |
| | Note(s) | Opening balance | Gains/losses recognised in profit or loss | Gains/losses recognised in other comprehensive income | Purchases | Sales | Issues | Closing balance |
| Investment property | 5 | 1 346 720 | 30 214 | - | 40 990 | (30 401) | (2 993) | 1 384 530 |
| Property, plant and equipment | 3 | | | | | | | |
| Land | | 4 565 | - | - | - | - | - | 4 565 |
| Buildings | | 70 729 | - | 1 511 | - | - | (1 330) | 70 910 |
| Total property, plant and equipment | | 75 294 | - | 1 511 | - | - | (1 330) | 75 475 |
| Equity investments at fair value through other comprehensive income | 11 | | | | | | | |
| Unlisted shares | | 23 913 | - | - | - | - | - | 23 913 |
| Financial assets mandatorily at fair value through profit or loss | 11 | | | | | | | |
| Listed shares | | 2 470 | 134 | - | - | - | 303 | 2 907 |
| Unlisted shares | | 16 632 | (4 968) | - | - | - | (10 871) | 793 |
| Total financial assets mandatorily at fair value through profit or loss | | 19 102 | (4 834) | - | - | - | (10 568) | 3 700 |
| Total | | 1 465 029 | 25 380 | 1 511 | 40 990 | (30 401) | (14 891) | 1 487 618 |
| Company – 2025 | | | | | | | | |
| Assets | | | | | | | | |
| Investment property | 5 | 1 298 730 | 55 423 | | 104 455 | (24 911) | (9 593) | 1 424 104 |

Notes to the Consolidated Annual Financial Statements

| | | Group | | Company | | | | |
|---|---------|-----------------|---|---|-----------|----------|---------|-----------------|
| Figures in Rand thousand | | 2025 | 2024 | 2025 | 2024 | | | |
| 44. Fair value information (continued) | | | | | | | | |
| | Note(s) | Opening balance | Gains/losses recognised in profit or loss | Gains/losses recognised in other comprehensive income | Purchases | Sales | Issues | Closing balance |
| | | | | | | | | |
| Property, plant and equipment | 3 | | | | | | | |
| Land | | 3 265 | - | - | - | - | - | 3 265 |
| Buildings | | 36 110 | - | (1 260) | - | - | 153 | 35 003 |
| Total property, plant and equipment | | 39 375 | - | (1 260) | - | - | 153 | 38 268 |
| | | | | | | | | |
| Equity investments at fair value through other comprehensive income | 11 | | | | | | | |
| Unlisted shares | | 23 913 | - | (9 120) | - | - | - | 14 793 |
| | | | | | | | | |
| Financial assets mandatorily at fair value through profit or loss | 11 | | | | | | | |
| Unlisted shares | | 2 234 | 14 150 | - | - | - | - | 16 384 |
| Total | | 1 364 252 | 69 573 | (10 380) | 104 455 | (24 911) | (9 440) | 1 493 549 |
| | | | | | | | | |
| Company - 2024 | | | | | | | | |
| Assets | | | | | | | | |
| Investment property | 5 | | | | | | | |
| Investment property | | 1 260 920 | 30 214 | - | 40 990 | (30 401) | (2 993) | 1 298 730 |
| | | | | | | | | |
| Property, plant and equipment | 3 | | | | | | | |
| Land | | 3 265 | - | - | - | - | - | 3 265 |
| Buildings | | 35 929 | - | 1 511 | - | - | (1 330) | 36 110 |
| Total property, plant and equipment | | 39 194 | - | 1 511 | - | - | (1 330) | 39 375 |
| | | | | | | | | |
| Equity investments at fair value through other comprehensive income | 11 | | | | | | | |
| Unlisted shares | | 23 913 | - | - | - | - | - | 23 913 |

Notes to the Consolidated Annual Financial Statements

| | | Group | | Company | | | |
|---|-----------------|---|---|-----------|----------|----------|-----------------|
| Figures in Rand thousand | | 2025 | 2024 | 2025 | 2024 | | |
| 44. Fair value information (continued) | | | | | | | |
| Note(s) | Opening balance | Gains/losses recognised in profit or loss | Gains/losses recognised in other comprehensive income | Purchases | Sales | Issues | Closing balance |
| Financial assets mandatorily at fair value through profit or loss | | | | | | | |
| 11 | | | | | | | |
| Unlisted shares | 18 156 | (5 051) | - | - | - | (10 871) | 2 234 |
| Total | 1 342 183 | 25 163 | 1 511 | 40 990 | (30 401) | (15 194) | 1 364 252 |

The fair value of unlisted investments is performed by the Group's finance department, every third year and at any time when suitable to dispose of the investment.

The fair value of investment properties is determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The valuation company provides the fair value of the Group's investment portfolio every third year and at any time when suitable to dispose of a property.

The fair value of office land & buildings (owner occupied properties) is determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The valuation company provides the fair value of the Group's office land and buildings portfolio every third year and at any time when suitable to dispose of a property.

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Notes to the Consolidated Annual Financial Statements

| | Group | | Company | |
|--------------------------|-------|--------------------|---------|--------------------|
| Figures in Rand thousand | 2025 | 2024 Restated * | 2025 | 2024 Restated * |

45. Changes in liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities –

Group - 2025

| | Opening balance | Other non-cash movements | Total non-cash movements | Cash flows | Closing balance |
|--|-----------------|--------------------------|--------------------------|-----------------|-----------------|
| Borrowings | 20 000 | - | - | (19 433) | 567 |
| Other financial liabilities | - | 1 334 | 1 334 | - | 1 334 |
| Lease liabilities | 1 158 | 3 392 | 3 392 | (537) | 4 013 |
| Total liabilities from financing activities | 21 158 | 4 726 | 4 726 | (19 970) | 5 914 |

Reconciliation of liabilities arising from financing activities - Group - 2024

| | Opening balance | Other non-cash movements | Total non-cash movements | Cash flows | Closing balance |
|--|-----------------|--------------------------|--------------------------|----------------|-----------------|
| Borrowings | - | 20 000 | 20 000 | - | 20 000 |
| Other financial liabilities | 3 760 | - | - | (3 760) | - |
| Finance lease liabilities | 1 564 | 161 | 161 | (567) | 1 158 |
| Total liabilities from financing activities | 5 324 | 20 161 | 20 161 | (4 327) | 21 158 |

Reconciliation of liabilities arising from financing activities - Company - 2025

| | Opening balance | Other non-cash movements | Total non-cash movements | Cash flows | Closing balance |
|--|-----------------|--------------------------|--------------------------|-----------------|-----------------|
| Borrowings | 20 000 | - | - | (19 433) | 567 |
| Other financial liabilities: current | - | 1 334 | 1 334 | - | 1 334 |
| Lease liabilities | 16 834 | 1 567 | 1 567 | (5 251) | 13 150 |
| Loans from group companies | 47 683 | - | - | 3 307 | 50 990 |
| Total liabilities from financing activities | 84 517 | 2 901 | 2 901 | (21 377) | 66 041 |

Eastern Cape Development Corporation

Consolidated Annual Financial Statements for the year ended 31 March 2025

Notes to the Consolidated Annual Financial Statements

| | Group | | Company | |
|--------------------------|-------|--------------------|---------|--------------------|
| Figures in Rand thousand | 2025 | 2024 Restated * | 2025 | 2024 Restated * |

45. Changes in liabilities arising from financing activities (continued)

Reconciliation of liabilities arising from financing activities - Company - 2024

| | Opening balance | Other non-cash movements | Total non-cash movements | Cash flows | Closing balance |
|--|-----------------|--------------------------|--------------------------|----------------|-----------------|
| Borrowings | - | 20 000 | 20 000 | - | 20 000 |
| Other financial liabilities: current | 3 760 | - | - | (3 760) | - |
| Finance lease liabilities | 19 877 | 1 902 | 1 902 | (4 945) | 16 834 |
| Loans from group companies | 40 737 | - | - | 6 946 | 47 683 |
| Total liabilities from financing activities | 64 374 | 21 902 | 21 902 | (1 759) | 84 517 |

46. Going concern

We draw attention to the fact that at 31 March 2025, the Group had accumulated surplus of R875,704 million and that the Group's total assets exceeded its liabilities by R1,732 billion.

We also draw attention to the following factors:

- The Group experienced an operating surplus for the current financial year R128,466 million (2024: R86,253 million surplus).
- Stringent cash flow management was applied due to the liquidity challenges experienced by the Group
- Adverse key ratios exist in relation to the liquidity ratio's, rental and loan collection rates and debt impairment.

Management have mitigated the impact of these factors through effective cash flow management, cost reduction initiatives and have started to implement its approved renewal strategy.

On the basis of the mitigation, the consolidated annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

47. Events after the reporting period

The directors are not aware of any other matters or circumstances arising since the end of the financial year which significantly affect the financial position of the Group or the results of its operations.

Notes to the Consolidated Annual Financial Statements

| Figures in Rand thousand | Group | | Company | |
|--------------------------|-------|------------|---------|------------|
| | 2025 | 2024 | 2025 | 2024 |
| | | Restated * | | Restated * |

48. Material losses through criminal conduct, Irregular and fruitless & wasteful expenditure

| | Group | | Company | |
|---|--------|--------|---------|--------|
| | 2025 | 2024 | 2025 | 2024 |
| Irregular expenditure | 143 | 462 | 143 | 462 |
| Fruitless and wasteful expenditure | - | - | - | - |
| Estimated annual loss from properties that were invaded illegally | 20612 | 26 395 | 20 612 | 26 395 |
| Fraud, Theft & Corruption | - | 476 | - | 476 |
| Total | 20 755 | 27 333 | 20 755 | 27 333 |

Material losses through criminal conduct:

The Eastern Cape Development Corporation experienced the following material losses through criminal conduct during the current financial year: Estimated annual loss from properties that were invaded illegally R20,612 million (2024:R 26,395 million).

Cases have been opened with the SAPS and criminal proceedings are currently underway against the alleged perpetrators.

Fraud, Theft and Corruption:

The Eastern Cape Development Corporation: a supplier fraud case in which a service provider was paid R476 thousand for goods that were never delivered. This fraudulent activity resulted in a financial loss to ECDC. This was discovered in the current financial year, but it related to 2024 financial year.

Irregular expenditure:

The Eastern Cape Development Corporation incurred irregular expenditure of R 143 thousand, (2024: R 462 thousand). Expenditure for 2024 relates to the following procurement against the suppliers indicated below:

1. Consulting Services - Payment made to service provider where a procurement process was not followed for the provision of consulting services. The investigation is in progress. The full year expenditure is R30 thousand.
2. Consulting Services - Payment made to service provider where a procurement process was not followed for the provision of consulting services. The investigation is in progress. The full year expenditure is R113 thousand.

Please note that the names of suppliers have been omitted for disclosure purposes. Should the user of the annual report require the names of any of the applicants and defendants, they may contact the ECDC.

An application to the Provincial Treasury for the balance of the irregular expenditure is underway.

The AIDC:
The AIDC did not incur irregular expenditure in the current financial year (2024:R0)

Notes to the Consolidated Annual Financial Statements

| Figures in Rand thousand | Group | | Company | |
|--------------------------|-------|------------|---------|------------|
| | 2025 | 2024 | 2025 | 2024 |
| | | Restated * | | Restated * |

48. Material losses through criminal conduct, Irregular and fruitless & wasteful expenditure (continued)

The company is in the process of applying for Condonation of all its irregular expenditure.

Fruitless and wasteful expenditure:

The Group did not incur any wasteful and fruitless expenditure in the current financial year (2024: R 0).

49. Compliance with Broad Based Economic Empowerment Act

In terms of section 13G(1) all spheres of government, public entities and organs of state must report on their compliance with the Broad Based Black Economic Empowerment in their annual financial statements and annual reports. ECDC has submitted its Annual report to BBBEE commission timeously and was found to be compliant.



**EASTERN CAPE
DEVELOPMENT
CORPORATION**

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